



Daily Report

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General

Foreign Ministry Holds Weekly News Conference

Gabon Assembly Delegation To Visit

OW3006090594 Beijing XINHUA in English 0841
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—A delegation of the National Assembly of Gabon, led by its President Marcel-Eloi Chambrier-Fahandi [name as received], will pay an official goodwill visit to China from July 3 to 9 at the invitation of the Chinese National People's Congress Standing Committee.

Foreign Ministry Spokesman Shen Guofang made the announcement here today.

Announces Djibouti Presidential Visit

OW3006084094 Beijing XINHUA in English 0826
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—President Hassan Gouled Aptidon of the Republic of Djibouti will pay a working visit to China from July 4 to 11 at the invitation of the Chinese Government. Foreign Ministry spokesman Shen Guofang announced here today.

Remarks on Comoros Foreign Minister Visit

OW3006084594 Beijing XINHUA in English 0827
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—At the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen, Said Mohamed Sagaf, minister of foreign affairs and cooperation of the Islamic Federal Republic of Comoros, will pay a goodwill visit to China from July 7 to 12.

Foreign Ministry Spokesman Shen Guofang made the announcement here today.

Extends Congratulations to Murayama

OW3006084894 Beijing XINHUA in English 0841
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—A spokesman for the Chinese Foreign Ministry today congratulated Tomiichi Murayama on being elected new prime minister of Japan.

Spokesman Shen Guofang expressed the belief that Sino-Japanese friendly and cooperative ties would continue to develop healthily and stably during Murayama's term of office. Shen made the remark at a weekly press conference this afternoon while answering a question.

The Japanese parliament yesterday elected Social Democratic Party [of Japan] Chairman Tomiichi Murayama as prime minister.

Murayama, who will succeed Tsutomu Hata who announced his resignation with his entire cabinet on Saturday, was elected in the second round of voting at a House of Representatives session.

Comments on Hong Kong Government Structuring

OW3006090694 Beijing XINHUA in English 0855
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—The three-tiered political structure of the Hong Kong Special Administrative Region must be reestablished in conformity with the relevant provisions of the basic law after China resumes its exercise of sovereignty over Hong Kong in 1997.

The statement was made by Chinese Foreign Ministry Spokesman Shen Guofang at a weekly press conference held here this afternoon.

On June 29, the British side, in disregard of the just position repeatedly elaborated by the Chinese side, let the Hong Kong Legislative Council pass the second part of Governor Chris Patten's constitutional package that runs counter to the Sino-British Joint Declaration, the principle of convergence with the Basic Law and agreements and understanding reached between the Chinese and British side, Shen said.

"The Chinese side deems it necessary to point out again in all seriousness that, as a result of the breakdown of the Sino-British talks on the 1994/95 election arrangements caused by the British side, the term of the three-tiered political structure of Hong Kong Legislative Council, two municipal councils and district boards produced by whatever arrangement for the elections ends on June 30, 1997," he said.

"China remains firm in its determination to resume its exercise of sovereignty over Hong Kong and maintain the long-term social stability and economic prosperity of Hong Kong within the framework of 'one country, two systems'," Shen said.

"We have full confidence in our ability to fulfill this grand historic mission," Shen added.

Denies Naval Base on Burmese Islands

OW3006091594 Beijing XINHUA in English 0905
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—Chinese Foreign Ministry Spokesman Shen Guofang said here today that a report alleging that China have set up a naval base on islands of Myanmar is a sheer fabrication.

"Recently, some people with ulterior motives have been spreading rumors about China's setting up a naval base on islands of Myanmar in order to justify their fallacy of 'China threat'," Shen said.

"Their purpose is to sow discord between China and its surrounding countries, which should be guarded against," he said. "But their attempt is futile."

Shen made the statements at a weekly press conference while asked to comment on a report that China has set up a naval base on islands belonging to Myanmar, which made the countries of the Association of South-East Asian Nations all the more nervous about China threat.

Comments on Sino-British Military Site Talks

OW3006092394 Beijing XINHUA in English 0917 GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—The progress gained by the Sino-British Joint Liaison Group (JLG) in the negotiations on the military site issue in Hong Kong is "an important achievement of the joint efforts on both sides."

A Chinese Foreign Ministry spokesman told a weekly news conference here this afternoon.

"After seven years' negotiations, the Chinese and British sides reached an agreement on the arrangement of Hong Kong military site for future use at the just concluded 29th meeting of JLG," the spokesman said.

"The appropriate settlement of the military site issue secures the steady transition and continued prosperity and stability in Hong Kong," he added.

"We hope that the British side will cooperate with the Chinese side on other issues concerning the smooth transition in Hong Kong in 1997, so as to ensure a smooth transfer of power in Hong Kong," he said.

Further on Government's Congratulations to Murayama

OW3006095694 Tokyo KYODO in English 0843 GMT 30 Jun 94

[Text] Beijing, June 30 KYODO—The Chinese Government congratulated newly elected Japanese Prime Minister Tomiichi Murayama and expressed hope that friendly Japanese-Chinese relations will continue to develop, a Foreign Ministry spokesman said Thursday [30 June].

"We congratulate Mr. Tomiichi Murayama on his being elected as the prime minister of the new Japanese Government," Shen Guofang said at his weekly briefing.

"We believe friendly Sino-Japanese relations and cooperation will continue to enjoy a sound, steady and friendly development during Prime Minister Murayama's tenure of office," he said.

Shen discounted the unstable nature of Japanese politics which has seen three prime ministers in the last 10 months, saying that no matter what changes take place in Japanese politics, friendly relations between the two countries will remain unchanged.

"Sino-Japanese friendship is deeply rooted in the minds of the Chinese and Japanese peoples," he said.

Shen said it is not the position of the Chinese Government to think of the Tokyo government, led by the first socialist premier in 47 years, as a "short-lived, temporary government" as reported in the official Chinese press.

Representative Addresses UN on World Development

OW2906212594 Beijing XINHUA in English 2005 GMT 29 Jun 94

[Text] United Nations, June 29 (XINHUA)—The realization of economic growth and sustainable development of developing countries is at the core of world development, China's representative to the United Nations told the Economic and Social Council today.

The council is having a two-day intergovernmental discussion on a report on "an agenda for development" published by the U.N. secretary-general, who is to submit his conclusions and recommendations on the agenda to the next session of the General Assembly.

Ambassador Li Zhaoxing, China's permanent representative to the U.N., said development forms the foundation of peace, and the realization of economic growth and sustainable development of developing countries is at the core of world development.

"Only the attainment of economic growth and sustainable development can make developing countries fundamentally change the situation of poverty and backwardness, improve people's material and cultural life and achieve all-round social progress," he said. "rhetorics are of no use here."

Ambassador Li noted that to meet the needs of economic and social development of developing countries and to narrow the gap between the North and the South constitute the main objectives of agenda for development.

He pointed out that imbalance in the world economy is increasing: marked improvement of human capability to produce wealth but continued poverty in many parts of the world; closer economic links between countries but the decision-making power in world economic affairs remaining in the hands of a few countries; fiercer competition in global economic and trade fields and developing countries still facing numerous unfavorable external conditions.

The agenda for development must handle the question of "how to remove the man-made obstacles in the world economic cooperation," he said.

Ambassador Li held that the agenda should help to build up consensus on development among members of the international community and to strengthen the new global partnership.

It is true and correct to point out that development depends firstly on the efforts of various countries, he said, but in the new situation it is even more necessary for countries to reduce and remove differences, conflicts and obstacles and enhance cooperation in the economic field.

"Countries in the world, big or small, rich or poor, strong or weak, should all participate in world economic affairs as equal members of the international community," he said.

The Chinese representative called for respect for state sovereignty, national conditions and choices made by different countries as a major principle in the proposed agenda for development.

As countries in the world have different social systems, development stages, ideologies, values, cultural traditions and religious beliefs, he said, "the agenda should reflect the principle of recognition of and respect for the sovereignty of various countries in choosing their own road of development and economic mode, respect the priority development considerations by different countries, and promote wider exchanges, stronger ties of cooperation and higher degree of complementarity."

The ambassador said the first task for the agenda is to implement international agreements and strengthen the functions and roles of the United Nations in the economic and social fields in an action-oriented manner.

Russia To Be Invited to G-7 Political Discussions

OW3006051094 Beijing XINHUA in English 0428
GMT 30 Jun 94

[Text] Washington, June 29 (XINHUA)—Russia will be invited for the first time to participate in the political discussions at the summit of group of seven nations next month in Naples, the Clinton administration said today.

In the past, Russia has been invited for a brief discussion after the conclusion of the summit and to report on its economic situations.

"Russia will be at the table for a discussion of a broad range of political issues... That's a very major change," said Joan Spero, undersecretary of state for economic and agricultural affairs.

"There is no doubt that Russia is a major power and a major political player," said Spero, who is one of the two U.S. senior officials planning the summit.

The annual economic summit of the G-7, which groups the United States, Japan, Germany, Canada, Italy, France and Britain, will be held in Naples on July 8-10. It is the 20th such summit since 1975.

The undersecretary noted that in the forthcoming meeting, there will be "heavy emphasis" on Ukraine and the G-7 nations would call new aid to the nation from the World Bank and International Monetary Fund.

The leaders, she said, will discuss on how best to assist Ukraine in closing the its dangerous nuclear facilities, with a particular focus on Chernobyl.

"We're very concerned about the instability of the situation at the Chernobyl reactor. That is one of the reasons that leads us to focus on Ukraine and on that particular situation," Spero explained.

Describing Ukraine as in "dire economic straits", the undersecretary stressed, however, that the G-7 countries were prepared to help Ukraine, "but Ukraine itself has to decide to implement reforms."

She made it clear the summit, unlike the last one in Tokyo, would produce no new aid initiatives for Russia and the former Soviet republics, and major efforts would be mobilizing the World Bank and IMF for help.

According to the undersecretary, the leaders at the G-7 summit will also adopt an action plan on employment policies, as a follow-up to the G-7 ministerial conference on jobs held in March in Detroit.

Aircraft Industry Cooperates With U.S. Manufacturer

OW3006074394 Beijing XINHUA in English 0601
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—Faced with the ever present challenge from overseas carriers, China is adopting a three-pronged policy to upgrade its civil aircraft industry.

To pave the way for the country's re-entry into the General Agreement on Tariffs and Trade (GATT), China has abolished licence control over the import of civil aircraft.

"To sharpen our competitiveness with foreign rivals, our first step is to manufacture MD80/90 planes in cooperation with McDonnell Douglas," said Zhu Yulin, president of the China Aviation Industries Corporation (CAIC).

The second step is to develop 100-seat passenger planes with foreign partners.

China and the Republic of Korea (ROK) signed a memorandum of understanding on June 6 for cooperation in developing such planes.

Zhu said details are still being discussed.

"If our discussions proved to be successful, our product may well become the Asian Airbus," he said.

The 100-seaters are needed mainly for sub-trunk flights which are popular in Asian countries.

Zhu estimated that China and other major Asian countries would need 300 such planes each.

The third step is to develop China's own 180-seat planes.

Zhu admitted that the manufacture of civil aircraft remains a fledgling industry in China which demands strong support from the central government.

He said that government legislation was needed to boost the industry's development as soon as possible.

Besides the three-step strategy, which will largely be completed by his company, Zhu said he supports local governments and certain state departments to be involved in the civil aviation business.

Since the beginning of this year, CAIC has sold three Y-8 planes to the posts and telecommunications sector.

He said China's civil aircraft business would receive a boost if air mail fleets of aircraft are established.

The envisioned boost of the civil aircraft business is only part of the aviation industry's modernization plan for the next 15 to 20 years.

The overall plan aims to advance the manufacture of aircraft and non-aircraft products to international levels.

Zhu said the initial stage of development is being masterminded for the 1996-2000 period.

Article on Falling Dollar, Rising Yen, Economy

HK3006092394 Beijing CHINA DAILY in English 30 Jun 94 p 4

[By Chen Xiao: "Rising Yen Increases Pressure on China"]

[Text] As the U.S. dollar plummeted below the key 100-yen mark this week, Chinese economists have been busy analyzing the effects of the weak dollar on the Chinese economy, which is more closely tied up with the world than ever before.

In Tokyo, the dollar dropped briefly to 99.05 yen yesterday, hitting a new post-World War II low. The greenback closed at 99.27 yen.

In fact, a strong yen affects China's economy more than a weak dollar, economists say.

"First of all, the rising yen is increasing the pressure on China to pay back Japan's government loans in yen," said Shi Yonghai, president of the International Trade Research Institute under the Ministry of Foreign Trade and Economic Co-operation (Moftec).

From 1979 to last August, the Japanese Government gave China 1,700 billion yen in loans. The funds were worth \$10.9 billion at the previous exchange rate.

But due to the rising value of the yen and the devaluation of Renminbi yuan, the investments are worth of \$17 billion at the current exchange rate.

So, in addition to the interest, China has to pay a further \$6 billion.

Shi revealed that the Japanese Government has indicated a readiness to hold talks on the issue.

And early this year, a high-ranking official with Japan's Ministry of Trade and Industry said the increasing pressures on China brought by the rising yen were contrary to Japan's original intention, which was to help developing countries. He proposed discussions between Japanese and Chinese governments to find a solution.

Currently, China is applying to the Japanese Government for the fourth installment of loans, which are expected to be granted in 1996.

"No matter which party forms the cabinet, the Japanese Government will probably lend the fourth set of loans to China," said Shi, who was the commercial counsellor at the Chinese Embassy in Japan between 1990 to February this year.

Meanwhile, the strong yen is pushing Japanese investors to shift funds and labour-intensive industries to South-east Asian markets to cut labour and production costs.

In addition, Japanese investment is flooding into China and Japan's medium and small-sized businesses are preparing to leap into China.

"While we want Japanese investments, we must abide by the State industrial policy," said Xu Changwen, director of Japan Division of the institute. "For instance, industrial polluters must be rejected."

The rising yen will also encourage Chinese export to Japan while increasing Japanese imports.

Shi warned China's trade-oriented companies to watch out for price increases of Japanese goods.

On the other hand there are next to no effects of a weak dollar on Sino-U.S. economic relations, said Zhou Shijian, vice-president of the Moftec institute.

The effects on the Renminbi yuan as a result of the slump in the value of the dollar is so slight that it will not dampen China's exports to the American market.

"The trade relationship between the two countries will continue to be healthy and sustainable," Zhou said.

There has been an upturn in Sino-U.S. trade since Chinese President Jiang Zemin held talks with the U.S. President Bill Clinton in Seattle last November. The renewal of the Most-Favoured-Nation (MFN) status to China gave this trend a further boost.

"Sino-U.S. trade is expected to exceed \$30 billion this year," said Zhou. Last year, trade between the two nations reached \$27.6 billion.

On the movement of the dollar, Western analysts predict that the dollar still has some way to go before reaching bottom.

"I think the dollar will rally in the immediate near future," said Wang Huaian, a research fellow with the Moftec institute. "The fundamental reason for the depreciation of the dollar and the appreciation of the yen lies in people's decreasing confidence in the U.S. economy, which is losing its power to gear up."

There are two kinds of views on the U.S. economy.

The first is a pessimistic one, believing that the upturn this year is weak compared with the final quarter of last year; while the second view believes the economy is overheating, which may result in rising inflation to kill an economic recovery. The Federal Reserve, the U.S. central bank, subscribes to the second view and is keen to curb what it fears is rising inflation.

But both take a gloomy view of the U.S. economy. "As a result, people are not interested in buying the dollar," Wang said. "The trend to sell the dollar will continue."

Moreover, the U.S. had once believed that the weak dollar and strong yen could force Japan to cut its trade surplus.

"This was a trump card in the hand of the U.S. and this was why the Clinton administration did not interfere too much to halt the sliding dollar," Wang said.

But now the U.S. Government is showing deep concern about the continuous fall of the dollar. However, it is finding it difficult to support its currency.

"The U.S. government is in a dilemma," Zhou said.

Market dealers in the U.S. say that the fifth round of interest rate hikes will help bail out the currency. Since last February, the Fed has raised short-term interest rates four times.

But it is not as easy as they think. Another interest rate rise will slacken investments and probably quash chances of an economic recovery, Zhou said.

'Analysis' Views Reasons for Dollar's Decline

HK2906144694 Beijing RENMIN RIBAO in Chinese
29 Jun 94 p 7

["News Analysis" by He Gang (0149 0474): "Why Has U.S. Dollar Fallen Below 100 Yen?"]

[Text] At around 1215 on 21 June, the U.S. dollar exchange rate against the Japanese yen dropped to a record post-war low of 99.85 yen. On 27th, the dollar fell to a new all-time low of 99.50 on the Tokyo foreign exchange market, plunging through what Western financial circles described as the "psychological barrier" of \$1 against 100 yen.

The dollar devalued sharply last August and this May. On both occasions the Federal Reserve Board raised short-term interest rates and intervened in the foreign exchange markets with 15 other central banks to push up

the dollar's value. But this time the dollar kept falling, eventually to below 100 yen in New York. The following are the main causes:

An increase in the huge U.S. trade deficit and lack of progress so far in Japanese-U.S. trade talks. Trade statistics released by the United States on the 21st show that its first-quarter trade deficit reached \$32 billion, a good part of it through trade with Japan. The U.S. trade deficit with Japan this year is estimated to be \$60 billion, which will weaken the U.S. dollar. Meanwhile, a stable yen has prompted international investors to dump U.S. dollars on the market and withdraw capital from the United States, depressing the already devalued dollar.

Second, signs of a revival of the European and Japanese economies weighed down the dollar against the Japanese yen as well as the German mark, in the latter case to an all-time low this year. The full devaluation of the U.S. dollar and a decline in its market credibility began in mid-June.

Third, a faster than expected recovery of the U.S. economy. Last year, U.S. economic growth was 2.6 percent, and this year it is expected to be 3.6 percent. Despite repeated hikes in interest rates by the Federal Reserve Board to curb inflation, its 17 May announcement of a halt to interest rate hikes caused worries about the return of inflation and prompted international markets to sell U.S. dollars on a massive scale.

Fourth, U.S. investors have diverted their investments to negotiated securities purchases to optimize their revenue and minimize risk. For this purpose, they also needed to sell U.S. dollars, in effect moving enormous amounts of capital overseas and creating a great deal of pressure on the dollar.

The current plunge has had a great impact on the international money markets and a considerable impact on the world economy.

First, it has created panic. The "psychological barrier" has finally been broken, which had a direct impact on investment confidence. Following a decline in European and American share prices across the board on the 21st, the New York Stock Exchange's Dow Jones Index plunged 62.15 points on the 24th; this was followed by a general fall in share prices on all major stock markets across Europe and Asia, such as London, Paris, Frankfurt, and Tokyo. The market panicked.

Second, inevitably this will bring a downside to the American economy. Currency devaluation is a double-edged sword. It increases the competitiveness of U.S. products in international markets as well as prices of goods imported to the United States, triggering inflation. It also keeps long-term interest rates down, and low interest rates will affect foreign investment in the United States.

Furthermore, it may affect the world economy. High unemployment rates and weak consumption demand in

the European countries have forced them to rely on expanding exports to bring about economic recovery. But appreciating European currencies may increase their export prices and bring uncertainty to the slowly recovering economies once again.

Naturally, the United States is aware of the gravity of the dollar's devaluation. President Clinton stressed on the 22nd that despite the drastic fall of the dollar, the fundamentals of the American economy remain sound. U.S. Treasury Secretary Bentsen is worried about the dollar's plunge, but stressed he was "fully confident about its prospects." Obviously, the Clinton administration is trying to allay worries and play down the seriousness of the problem. Meanwhile, the Clinton administration was forced to launch its third and the largest intervention to date in the market in conjunction with the European countries and Japan.

However, the dollar is still falling on the foreign exchange markets. Media opinion thinks that the continuous falling trend may pose a big problem for the Clinton administration. The only option available is a fifth rise in interest rates by the Federal Reserve Board to quickly halt the fall and avoid new disasters.

United States & Canada

Copyright Violations Continue, U.S. 301 Sanctions Possible

Raids Precede Investigation

HK3006094794 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 30 Jun 94 p 1

[By Antoine So]

[Text] A lobby representing software manufacturers has asked the United States government to impose Super 301 trade sanctions on China, despite raids yesterday on major Chinese computer distribution outlets which netted hundreds of illegal programs.

The raids preceded today's deadline for Beijing to prove it has taken sufficient action against copyright piracy after U.S. Trade Representative Mickey Kantor charged China, together with India and Argentina, as the worst violators of U.S. copyrights.

"If a solution to U.S. concerns has not been reached in these countries by 30 June, they will be named 'priority foreign countries' and an investigation of their practices will be initiated under section 301 of the Trade Act," Mr Kantor said in April.

The U.S.-based Business Software Alliance (BSA) helped co-ordinate the raids, which were carried out by police and officials from the Intellectual Property Tribunal.

One of China's largest computer outlets and four others were targeted in the raids, which led to the seizure of

more than 300 programs, a number of CD-Rom discs and computers suspected of containing illegal software.

The raids were seen as a conciliatory gesture to deflect the threat of Super 301 measures, which penalise countries for trade violations.

"The industry has become increasingly convinced that priority foreign country status will almost certainly be required for China to make progress in protecting software," BSA president Robert Holleyman said.

Testifying before the U.S. Senate International Trade sub-committee, Mr Holleyman said software developed by U.S. companies could gain a foothold on the mainland if there were a piracy-free environment.

U.S. software publishers lost about U.S.\$322 million (HK\$2.51 billion) as a result of piracy in China last year, representing more than half of the total losses of the industry—estimated at U.S.\$600 million.

Since Mr Kantor made his threats in April, China's official media has given detailed coverage to the campaign against counterfeit products and legislation has been beefed up.

Earlier this month, the Chinese government issued a 12,000-word document detailing China's antipiracy laws.

The maximum penalty for copyright violation is a five-year prison term, while trademark violators are subject to far harsher sentences, including the death penalty.

"China has been doing a lot of the right things," a Western diplomat said. "But it's the enforcement area we are concerned about."

If the Super 301 action is initiated, Washington will kick off a six-month investigation of Chinese trademark and copyright violations, with the option of a possible 90-day extension.

If the U.S. and China cannot reach a satisfactory accord during those six months, the U.S. could then decide to apply commercial trade sanctions against China.

Likely sanctions would include increased tariffs on China's major exports to the U.S.—clothes and shoes.

"This action (the raids) is a step forward in the industry's fight against software piracy, which we hope will strongly deter others in China from selling our members' products without authorisation," BSA vice-president Stephanie Mitchell said.

"However, it is clear that we have a long way to go before businesses and organisations in China are fully aware of the serious legal penalties for software theft."

Officials Confident of Outcome

HK3006094594 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 30
Jun 94 p 1

[By Geoffrey Crothall in Beijing]

[Text] Chinese trade officials are quietly confident they can survive the imminent United States Special 301 investigation into Beijing's failure to adequately protect intellectual property rights.

The Ministry of Foreign Trade and Economic Co-operation refused to publicly discuss the issue yesterday, but trade officials privately expressed optimism that the investigation would not lead to the imposition of trade sanctions.

"We are not particularly worried," an official said.

"We have more than enough evidence in the courts to show that we are taking a tough line on intellectual property rights violations," he said, adding that the special Intellectual Property Rights Tribunal was well set up to deal with such cases.

The tribunal accepted more than 40 copyright infringement cases involving foreign companies over the last year, about 20 per cent of the total number of cases heard by the court, Xinhua (the New China News Agency) reported.

The official conceded that intellectual property right abuses continued to be a major problem on the mainland, but insisted the government was doing all it could to crackdown on violators, particularly compact disc, laser disc and computer software pirates.

"We are taking a tough line but we have limited resources," he said. Given the extent of the problem and the limited manpower available to investigators the official said it was unreasonable for the U.S. to impose pressure on China by threatening sanctions.

"We can not wipe out copyright and trademark infringements overnight. The U.S. administration should realise these things take time and should learn to be a bit more patient," he said.

Special 301 involves a six-month investigation with a possible 90-day extension, at the end of which trade sanctions can be imposed.

The U.S. has not said what action it would take, but it was likely to involve raising tariffs on China's exports, such as clothes and shoes, to the U.S.

The official said the main problem was still the lack of public awareness about intellectual property rights and the perception that it was not a crime to copy already published material.

"Intellectual property is still a relatively new concept among the ordinary people and I think it will be some time before it becomes generally accepted," he said.

Many store-holders who sold pirated goods said, however, they were fully aware of China's copyright laws, but said the economic incentives to sell fakes rather than the original products were too great to ignore.

A software store-owner in Beijing said: "There is no market for the genuine product here, people want the cheapest version they can find."

Spokesman Warns U.S. of 'Blacklisting'

HK3006110494 Hong Kong AFP in English 1045 GMT
30 Jun 94

[Text] Beijing, June 30 (AFP)—China warned the U.S. government Thursday of deteriorating trade relations if it is placed on a black list of countries violating intellectual property rights.

"The move will harm the economic and trade relations between the two countries, and the U.S. government must be held responsible for all the consequences," said a foreign ministry spokesman. He said the U.S. position was "unacceptable" and "irrational."

Washington is to announce Thursday that China will be placed under the "Super 301" law regulating unfair trade practices. It will begin with a six-month investigation followed by possible trade sanctions if the two sides cannot reach an agreement. The United States claims that China has violated intellectual property rights, particularly in computer software and video cassettes, costing American firms about 800 million dollars. Despite laws passed by Beijing over the past few years, Washington says progress has been too slow.

"With regard to implementation of the law, the Chinese government has done its utmost to ensure the observance of the law and the prosecution of those who violate the law," the spokesman said, adding that it "has harshly cracked down on the violation of intellectual property rights and protected the owners of intellectual property."

U.S. House Panel Upholds Clinton's MFN Decision

OW2906221794 Beijing XINHUA in English 2120
GMT 29 Jun 94

[Text] Washington, June 29 (XINHUA)—A key house committee today showed strong backing for President Clinton's recent announcement to renew China's most-favored-nation trade status by rejecting a motion to reverse the decision.

The House Ways and Means Committee voted 31-6 against a bill sponsored by Representative Gerald Solomon that would entirely revoke China's MFN.

Sam Gibbons, acting chairman of the committee, said that "believe the President is on the right track in extending MFN to China.... It would be a mistake for us to disapprove it."

Most of the speakers at the hour-long committee meeting this morning endorsed the President's policy of engagement and continuation of trade with China.

Clinton also severed the link between the annual renewal of trade status and the human right issue when he announced his decision to extend China's MFN unconditionally on May 26.

Following the committee's negative vote, Solomon's bill can still be sent to the floor for a vote of the full House, though it is almost doomed to failure.

Central Eurasia

Qian Qichen Continues Russia, CIS Trip

Addresses Moscow University

OW2906142994 Beijing XINHUA Domestic Service in Chinese 1609 GMT 28 Jun 94

[By reporters Wan Chengcai (8001 2052 2088) and Cui Shaochun (1508 1421 4783)]

[Text] Moscow, 28 Jun (XINHUA)—Qian Qichen, visiting Chinese vice premier and foreign minister, noted today: As Russia is China's largest neighboring country, developing relations with it is of special significance in China's foreign policy.

Delivering a speech at the Moscow State University, Qian Qichen said that President Jiang Zemin's visit to Russia, slated for coming September, is aimed at discussing with President Yeltsin ways to build up the future of bilateral relations from the strategic high plane of the 21st century, so that the two countries and their peoples will be friends to each other from generation to generation.

Speaking on China's foreign policy, Qian Qichen said: Under the complicated and changeable international situation, China has been steadfastly pursuing an independent foreign policy of peace, wholeheartedly striving for peace and development, and has been willing to develop friendly and cooperative relations with all countries on the basis of the five principles of peaceful coexistence. It is concentrating its efforts on economic development; it will not engage in any arms race, will not join any military bloc, and will never seek hegemony in any place and at any time. He said: Establishing and developing good-neighborly and friendly relations with its peripheral countries has been occupying a very important position in China's foreign policy.

Speaking on Sino-Russian relations, Qian Qichen said: Being two powers in the world and permanent members of the UN Security Council, both China and Russia are

bearing great responsibility for solving the problems of world peace and development. With their identical or close views on many important international problems, China and Russia can contribute to the world peace, stability, and development by intensifying cooperation. China's consistent policy for developing relations with Russia is to completely respect the Russian people's own choices and firmly develop long-term and stable relations of good neighbors, friends, and mutual benefit and cooperation with Russia, whatever changes occur in its domestic situation. We firmly believe that China and Russia, as well as their peoples, should and certainly will be friends to each other for a long time to come.

He noted: Since China and Russia established relations some two years ago, their relations in political, economic, scientific and technological, cultural, educational, and other spheres have been developed rapidly. Their trade volumes repeatedly hit the highest level of the Sino-Russian trade. During President Yeltsin's visit to China in December 1992, the two countries signed a series of documents for furthering cooperation, particularly the Sino-Russian Statement on the Basis of Mutual Relations, which have established various principles for the two countries to develop relations of good neighbors, friends, mutual benefit and cooperation and have ushered in a new era in Sino-Russian relations.

Qian Qichen also noted: Under the situation of a rapid increase in bilateral contacts, some new problems have emerged in such contacts, because of a lack of timely and corresponding laws and regulations, since last year. These problems are mainly the criminal activities conducted by a handful of outlaws who take their place in personnel exchanges and the sale of fake and shoddy goods by some individual businessmen to seek exorbitant profits and thus harm the interests of consumers. Whichever side the problems rest, they are all behavior of individuals and are by no means the government's policy. I wish to take this chance to solemnly declare the Chinese Government's principled stand. The Chinese Government has persistently opposed illegal immigration and will not allow any Chinese citizen to engage in affairs harming good-neighborly and friendly relations between the two countries. China supports the measures, which are taken in accordance with laws, against law-breaking Chinese citizens in Russia and will cooperate with Russia in this effort. What the Chinese Government wants to support and protect are legal and orderly economic and trade activities and the legitimate rights and interests of citizens engaged in this kind of proper trade. The Chinese Government opposes, discourages, and will not protect illegal and chaotic trading activities that harm the interests of consumers and people engaged in these activities. Likewise, we also hope the legitimate interests and safety of Chinese citizens conducting normal economic and trading activities in Russia will be truly protected by the Russian side. We believe that so long as we earnestly cooperate and coordinate with each other in a friendly manner, it will not be difficult to solve these problems. We should both cherish good-neighborly

and friendly relations between China and Russia, and will not like to see any behavior harming such relations and any public opinion unfavorable to such relations.

Qian Qichen said: With their respective huge economic potentials, geographical superiority, the capability to complement each other in economy, and the traditional friendship and time-honored ties between their peoples, China and Russia, each being the largest neighboring country to the other, have a bright future in developing friendly and cooperative relations on the basis of equality and mutual benefit. We both maintain that proceeding from what we have achieved, we should, as the situation evolves, vigorously promote our economic, trade, scientific, and technological cooperation on the basis of equality and mutual benefit, raise the level and quality of cooperation, and create conditions to gradually bring bilateral trade and economic cooperation toward the practice in line with international norms.

Qian Qichen also briefed the attendees on the situation in China's reform.

Relays Jiang Zemin's Message to Yeltsin

OW2906132994 Beijing XINHUA Domestic Service in Chinese 1545 GMT 28 Jun 94

[By reporters Wan Chengcai (8001 2052 2088) and Cui Shaochun (1508 1421 4783)]

[Text] Moscow, 28 Jun (XINHUA)—Russian President Yeltsin met Qian Qichen, visiting Chinese vice premier and foreign minister, in the Kremlin this afternoon. They exchanged views on bilateral relations and other issues.

Qian Qichen relayed President Jiang Zemin's oral message to President Yeltsin. Jiang Zemin's oral message said: China and Russia, two neighboring countries, are two powers playing an important role in the world. Long-term and stable relations of neighborliness, friendship, and mutual benefit and cooperation maintained between China and Russia conform to the aspirations and interests of the two countries and their peoples and are important to maintaining peace and stability in Asia and the world. Jiang Zemin praised Yeltsin-proposed idea of establishing "constructive partnership looking toward the 21st century" between China and Russia and stressed that the historic mission of leaders of the two countries is to meticulously safeguard and develop the hard-earned good-neighborly and friendly relations between the two countries and to bring them into the next century, so as to bring benefit to both countries, their peoples, and mankind.

Yeltsin said he completely agreed with President Jiang Zemin's view. He happily recalled his meeting with Jiang Zemin in Beijing at the end of 1992 and looked forward to the latter's visit to Russia. He said: Jiang Zemin's visit to Russia is of very significant importance; it marks a brand new phase in Sino-Russian relations.

During the meeting, both sides specifically discussed the agenda of Jiang Zemin's visit to Russia and many issues concerning the documents to be signed during his visit, on which they have reached a consensus.

Holds Talks with Belarus Foreign Minister

OW3006033694 Beijing XINHUA in English 0306 GMT 30 Jun 94

[Text] Minsk, June 29 (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen met his Belarusian counterpart Petr Kravchanka here today to exchange views on bilateral relations and questions of mutual concern.

China and Belarus have seen continued development and positive achievements in their relations since the two countries established diplomatic ties two years ago, Qian said.

China and Belarus have signed a joint communique and a series of important documents to guide the further development of bilateral relations, he said.

These relations now have a solid foundation and are off to a good beginning, he added.

Qian said the Chinese Government attaches great importance to ties with Belarus, a country with great potential for development, and China hopes to see a thriving and prosperous Belarus, he added.

Warmly welcoming Qian on his first official visit here, Foreign Minister Kravchanka said Belarus enjoys close relations with China and that since the establishment of diplomatic ties their relationship has been greatly enhanced.

Kravchanka said that Belarus hopes to expand bilateral economic and trade cooperation with China, especially in the manufacturing of heavy trucks.

Qian arrived here this morning from Moscow on the first visit by a Chinese foreign minister to the Republic of Belarus.

Comments on Prospect of Sino-Belarus Ties

OW3006034394 Beijing XINHUA in English 0313 GMT 30 Jun 94

[Text] Minsk, June 29 (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen said here today that China will continue to develop its ties with Belarus on the basis of the five principles of peaceful coexistence whatever the outcome of its presidential elections.

The presidential elections in Belarus are its internal affair and China will continue to develop relations with it no matter who will be elected president, Qian told a press conference when asked about the prospect of Sino-Belarus ties after the presidential elections in Belarus.

Qian told reporters that Belarus plays an important part in both the Commonwealth of Independent States and Europe. China attaches great importance to the development of its ties with Belarus and hopes to continue to develop its cooperation with the country in various fields, he added.

Qian said there has been a good beginning in trade relations between the two countries and great potential exists.

China encourages the enterprises of both sides to buy each other's commodities in cash and trade in other ways such as barter trade and joint production, Qian added.

Comments on Absence of Latvia Trip

OW3006044294 Beijing XINHUA Domestic Service in Chinese 0219 GMT 30 Jun 94

[By reporter Wan Chengcai (8001 2052 2088)]

[Text] Minsk, 29 Jun (XINHUA)—Vice Premier and Foreign Affairs Minister Qian Qichen stressed here this afternoon that the presidential elections in Belarus are its internal affairs and the Chinese policy governing the development of China-Belarus cooperation in various areas will remain unchanged no matter who will be elected president during the forthcoming, second-round election.

Qian Qichen made the above statement at a news conference held in Minsk.

Qian Qichen pointed out: Belarus plays an important part in both the Commonwealth of Independent States and Europe. China attaches great importance to the development of ties with Belarus and hopes to continue to develop cooperation with the country in all fields. In addition to the implementation of the cooperation accords that have already been signed, the two sides will also discuss issues relevant to signing accords of civil aviation and repatriation between the two countries.

Answering a question concerning Sino-Belarusian trade, Qian Qichen noted: Sino-Belarusian trade has had a good start and has great potential, but much work remains to be done. China encourages enterprises of the two sides to buy each other's commodities in cash and trade in other ways such as barter trade and cooperative production.

Asked why Latvia was not included in its current itinerary, Qian Qichen said that, on the issue of Taiwan, Latvia has violated the communique of the establishment of Sino-Latvian diplomatic relations. He said this is a matter of principle which the two sides have to address through consultations. China will continue to work hard to improve its relations with Latvia.

Russian Border Defense Commander Visits Xinjiang

OW3006093494 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 28 Jun 94

[From the "Xinjiang News" program]

[Text] At the invitation of Major General Fu Bingyao, deputy commander of the Lanzhou Military Region and commander of the Xinjiang Military District, a six-member delegation headed by Major General (Vachikhov), commander of Russian Federation border defense units stationed in the Republic of Kyrgyz, recently paid a friendly visit to Xinjiang [video shows medium shots of the Russian general stepping down from an airplane and being greeted by General Fu Bingbao]

During the meeting, Fu Bingyao briefed his visitors on Xinjiang's political and economic situation. The two sides also exchanged views on border control [video shows medium close-ups of Fu Bingyao meeting with the Russian visitors]

During its stay in Xinjiang, the delegation visited an engineering corps unit of the Xinjiang Military District, the Urumqi Petrochemical Plant, and the Xinjiang Brewery.

Northeast Asia

Report on Murayama's Election, Future 'Difficulties'

OW3006032194 Beijing XINHUA in English 0258 GMT 30 Jun 94

["Japan's New Premier Murayama Faces Difficulties"—XINHUA headline]

[Text] Tokyo, June 29 (XINHUA)—Japan's Social Democrat (SDP) leader Tomiichi Murayama was elected as the country's new prime minister by the Diet (parliament) today, backed by the SDP's long-standing foe, the Liberal Democrats (LDP), and gets ready for a rough ride.

He takes over from Tsutomu Hata who resigned Saturday [25 June] with his ministers after only two months in office in the face of a confidence vote he was expected to lose.

Murayama defeated the coalition supported Toshiki Kaifu, a former prime minister, by 261 votes to 214 in the second round of voting in the decisive House of Representatives on the final day of the current Diet session.

The two failed to secure a majority out of a total of 504 votes in the first round of balloting, which came after talks between the SDP and the seven-party coalition on re-alliance collapsed.

The business community today expressed surprise and disillusionment at the choice of Murayama, perceiving his victory as a major setback to the ongoing political and economic reforms.

Meanwhile he also looks set to meet difficulties with tax reform policies within his new coalition government which comprises the SDP, the LDP and New Party Sakigake (Harbinger), according to political pundits here.

Murayama, son of a fisherman, is the first socialist leader to head a Japanese Government in 47 years.

In the election he was challenged by Kaifu who suddenly emerged as a leading candidate for the top government post after he quit the LDP earlier in the day, refusing to follow the official party line of supporting Murayama.

The LDP, which was toppled from power last summer, had in recent weeks been urging the SDP to form a partnership.

Following his election as Japan's 52nd prime minister, Murayama told LDP President Yohei Kono that he had been moved by "earnest appeals" from the LDP lawmakers who had called for him to run for the premiership.

Kono promised him full support, vowing that his party would be a constant and sincere partner.

Both the parties, however, are very much aware of their long history of bad blood and antagonism, as indicated by the voting for Kaifu by some pro-coalition legislators from the two sides.

The strongest bond between what many observers have tagged "the odd couple" is their shared, deep-rooted hatred of coalition strategist Ichiro Ozawa.

But the SDP and LDP, who bitterly opposed each other during the LDP's 38 years of unbroken rule, differ on many issues, including the pending tax system reform.

Many observers predict that the Murayama cabinet will be even less than a temporary administration with its main task to call a snap general election next year under Japan's new election system.

The SDP has been opposing a proposed hike in the current three-percent consumer tax since it was a partner in the Morihiro Hosokawa coalition.

The Finance Ministry, however, seems certain to reject any announcement of continued income tax reductions before the consumer tax is raised.

Discussions on the tax could be involved and lengthy and eventually lead to a breakup of tax reform talks, according to the pundits.

In the immediate term, there is a possibility that Japan will be unable to declare a policy of continued income tax reductions for the next year when it attends the

summit of leaders from the Group of Seven industrialized nations next week in Naples, Italy.

Since Japan has pledged internationally to continue its income tax cuts, it will be particularly embarrassing for Murayama not to have the tax reform completed when he attends the summit and meets U.S. President Bill Clinton.

Some business officials have even voiced concerns that the alliance between the SDP and LDP will not last long given their sharp dispute over policies.

Japan's New Cabinet To Be Inaugurated 30 Jun

*OW3006055094 Beijing XINHUA in English 0526
GMT 30 Jun 94*

[Text] Tokyo, June 30 (XINHUA)—Japan's new prime minister Tomiichi Murayama will inaugurate his three-party coalition cabinet this evening at a ceremony before Emperor Akihito, informed sources said.

Murayama, who heads the Social Democratic Party, is now consulting with the heads of the two other parties on the formation of his new cabinet, the third coalition in 10 months, the sources said.

The two other coalition leaders are Liberal Democratic Party President Yohei Kono and new party Sakigake (Harbinger) chief Masayoshi Takemura.

Murayama was elected last night as Japan's 52nd and the first socialist prime minister in 47 years, succeeding Tsutomu Hata, who resigned on Saturday in the face of a no-confidence motion.

Acting Premier Zhu Rongji Meets ROK Visitors

*OW2906142794 Beijing XINHUA in English 1412
GMT 29 Jun 94*

[Text] Beijing, June 29 (XINHUA)—Zhu Rongji, Chinese acting premier, met with Son Chu-hwan, president of the Korea Foundation of the Republic of Korea (ROK), and his party here this afternoon.

Zhu had a cordial and friendly conversation with the ROK visitors on Sino-ROK relations and other issues.

Son and his party are here to attend the first meeting of the forum on the future of Sino-ROK relations.

The meeting, co-sponsored by the Chinese People's Institute of Foreign Affairs (CPIFA) and the Korea Foundation, is scheduled to be held here for two days starting tomorrow.

Taking part in the meeting will be government officials of the two countries and dignitaries from various circles, who will discuss the situation in northeast Asia as well as the current situation and future prospects of Sino-ROK relations.

This evening, Liu Shuqing, president of the CPIFA, hosted a dinner for the ROK visitors.

Wu Xueqian Speaks at Forum on Sino-ROK Relations

OW3006080894 Beijing XINHUA in English 0707 GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—The first meeting of a forum on the future of relations between China and the Republic of Korea (ROK) opened here this morning.

Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, told the gathering that relations in all fields between China and ROK have developed rapidly since the two countries established diplomatic relations two years ago.

Wu, former Chinese vice-premier and foreign minister, noted that in general the Asia-Pacific region, including north-east Asia, is enjoying a relatively stable political situation and a strong momentum in economic growth.

"But there are also unstable factors," Wu said, adding that attention should be paid to these factors and parties concerned should seek effective ways to promote trust, peace and cooperation.

He expressed the hope that the current meeting will reach further mutual understanding and be fruitful in this respect.

Son Chu-whan, president of the Korea Foundation, told the forum that the trade volume between ROK and China reached 9 billion U.S. dollars last year, and this year "is expected to hit 11 to 12 billion U.S. dollars".

Son added that it was imperative for the two countries to cooperate and complement each other in such fields as technology, capital and labor.

The forum is co-sponsored by the Chinese People's Institute of Foreign Affairs (CPIFA) and the Korea Foundation.

Taking part in the meeting were government officials of the two countries, dignitaries from various circles, experts and scholars who will discuss the situation in north-east Asia as well as the current situation and future prospects of Sino-ROK relations.

ROK Welcomes Election of New Japanese Premier

OW3006055194 Beijing XINHUA in English 0522 GMT 30 Jun 94

[Text] Seoul, June 30 (XINHUA)—South Korea today welcomed Socialist Democratic Party leader Tomiichi Murayama as the new prime minister of Japan.

"We welcome the election of Tomiichi Murayama as the 81st Japanese prime minister and the stabilized political

situation in Japan," Foreign Ministry spokesman Chang Ki-ho [name as received] said here.

The spokesman expressed the hope that relations between South Korea and Japan will be 21st-century-oriented good-neighborly ties with the inauguration of the new Japanese cabinet.

On Wednesday [29 June], the lower house of Japan's parliament chose opposition candidate Murayama to be the new Japanese prime minister.

Murayama, 70, took 261 votes in the run-off against 214 for coalition-backed conservative candidate Toshiki Kaifu.

CPPCC Vice-Chairman Meets Thai Senate Speaker

OW3006065994 Beijing XINHUA in English 0606 GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—Vice-Chairman Wu Xueqian of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) hosted a banquet for Michai Ruchuphan, speaker of the Thai Senate, and his party here today.

Ruchuphan and his party arrived here yesterday for a week-long visit at the invitation of the CPPCC national committee.

CPPCC Chairman Li Ruihuan Meets Thai Senate Speaker

OW2906135694 Beijing XINHUA in English 1347 GMT 29 Jun 94

[Text] Beijing, June 29 (XINHUA)—Chairman Li Ruihuan of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) met with Michai Ruchuphan, speaker of the Thai Senate, and his party here today.

Extending Ruchuphan a welcome on the CPPCC's behalf, Li said that China and Thailand are close neighbors which have enjoyed longtime friendly relations.

In the past several years, these bilateral links have become even closer. Thailand has given its support to China on many international issues, which the Chinese people appreciate very much, Li said.

The CPPCC chief told Ruchuphan that China is busily engaged in domestic economic construction and needs a peaceful and friendly external environment. Developing friendly ties of cooperation with Thailand and other neighbors is China's set policy, he said.

Enhancing contacts at various levels, especially high-level exchanges, is of great significance to the consolidation and development of these relations, Li noted.

Ruchuphan thanked the CPPCC for the invitation. Relations between Thailand and China have been very good,

he said, adding that the present Thai achievements are inseparable from the country's close neighborly links with China.

Ruchuphan arrived here today for a week visit.

After the meeting, Li hosted a banquet for the Thai guests.

Defense Minister Chi Haotian Meets Vietnamese Army Visitors

*OW2906093194 Beijing XINHUA in English 0900
GMT 29 Jun 94*

[Text] Beijing, June 29 (XINHUA)—Chinese State Councillor and Minister of National Defense Chi Haotian met here today with Le Kha Phieu, director of the Political Bureau of the Vietnamese People's Army.

They exchanged views on the friendly cooperation between the two countries and the two armed forces.

Le arrived here June 27 for an eight-day official goodwill visit as head of a delegation of senior political instructors in the Vietnamese People's Army.

Southeast Asia & Pacific

Li Tieying on Enhancing Economic Ties in Asia-Pacific

*OW3006075394 Beijing XINHUA in English 0730
GMT 30 Jun 94*

[Text] Canberra, June 30 (XINHUA)—Visiting Chinese State Councilor Li Tieying said today that China will continue to increase its economic relations with nations in the Asia-Pacific region.

"Developing and strengthening its relationship of economic cooperation with the neighboring countries and regions in the Asia-Pacific region constitutes the main element of China's all dimensional policies of reform and opening-up," Li said.

Li, also minister in charge of the State Commission for Restructuring the Economic System, made the remarks while addressing the Asia-Australia Institute in Sydney this afternoon.

He said that China will "actively participate in the international competition and economic cooperation."

Li said that China will, by persisting in its policy of reform and opening to the outside world, set up a new market economic system.

China will also accelerate the integration of its new economic system with the international practice and study advanced technology and the management expertise from other countries including advanced capitalist nations, he said.

"All this is in the fundamental interests of the Chinese people," Li added.

Speaking of the Sino-Australian relations, Li said that the friendly and cooperative relationship between the two countries has further consolidated and increased in the past years.

The two countries have witnessed increased political exchanges, high-level contacts and a sustained increase in trade and economic activities, he said.

He said that China is willing to "expand the Sino-Australian cooperation in political, economic, scientific and technological and cultural fields" in line with the principle of mutual respect, equality and mutual benefit, opening up to each other and common prosperity.

Li arrived in Australia on June 23 and is now leading a delegation on a visit to the country.

Li Tieying Speaks on Socialist Market Economy

*OW3006073094 Beijing XINHUA in English 0655
GMT 30 Jun 94*

[Text] Canberra, June 30 (XINHUA)—Visiting Chinese State Councilor Li Tieying said today that China is working on the set up of a new economic system mainly characterized by the integration of public ownership with a market economy.

Speaking at the Asia-Australia Institute in Sydney this afternoon, Li said that with the set-up of the new system, "market regulation can play a basis role in the allocation of resources under the state macro-regulation control."

Li, who is also minister in charge of the State Commission for Restructuring the Economic System, outlined eight aspects, which constitute the basic framework of China's socialist market economic system.

The eight aspects of the basic framework are:

- Transforming the operational mechanism of enterprises and setting up a modern enterprise system;
- Establishing a nationwide unified open market system so as to achieve the close integration of the urban and rural, domestic and international markets;
- Transforming the functions of the government and setting up a mechanism of sound macro-economic control;
- Setting up the systems of rational distribution of personal income and social security;
- Establishing a rural economic system suited to the socialist market economy;
- Further expanding areas and sectors opening up to the outside world, reforming the foreign trade system, improving investment environment, perfecting foreign related laws and absorbing more foreign capital.

—Accelerating corresponding reforms in the system of science and technology and education; and

—Strengthening the building-up of a legal system.

Li said that China will expect to initially set up the new economic system by the end of this century.

Li, who arrived in Australia last Thursday, is now leading a delegation on a visit to the country after ending his tour of New Zealand last Thursday.

Tianjin Trade Talks Open in Australia

SK3006060294 Tianjin TIANJIN RIBAO in Chinese 22 Jun 94 p 1

[Text] The China Tianjin Economic and Trade Talks opened in the Melbourne city of Australia on the morning of 20 June. Attending the opening ceremony were three vice mayors of Melbourne city; director of the Victoria branch of the Australian-Chinese Industrial and Commercial Association; Zou Mingrong, Chinese consul general to Melbourne city; and some 200 persons from various circles of Melbourne city.

At the opening ceremony, Chen Bo, head of the delegation of the China Tianjin Economic and Trade Talks, introduced the development situation of Tianjin's foreign economic relations and trade, propagated Tianjin's investment environment, and called on even more Australian traders to develop foreign trade relations with China and to make investment or run plants in Tianjin. On the first day, foreign traders were enthusiastic in holding trade talks, reaching \$3 million in export transactions. The talks were proceeding smoothly, and preliminary intention was reached for a dozen projects.

Near East & South Asia

Delhi Reports on Indian Cooperation in Petroleum

BK3006053994 Delhi All India Radio Network in English 0435 GMT 30 Jun 94

[Text] India and China have agreed to cooperate in the economic field, particularly in the petroleum sector. This was agreed between the petroleum and natural gas minister, Captain Satish Sharma, and Chinese Vice Premier Zou Jiahua in a meeting in Beijing. Captain Sharma said while India has tremendous capabilities and experience in offshore technology and engineering, China can offer their expertise in onshore operations. He said there is potential for mutual cooperation in the petroleum sector between the two countries.

'Summary' of Economic Cooperation Meeting Signed With Libya

OW3006024594 Beijing XINHUA in English 0213 GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—A summary of the fifth meeting of the Chinese and Libyan Joint Committee of Cooperation in Economy, Trade, Science and Technology was signed here today.

Wu Yi, Chinese minister of foreign trade and economic cooperation (MOFTEC), and Fathi Ben-Shatwan, Libyan secretary for industry and minerals, signed the summary.

Shatwan and other Libyan guests arrived here on June 26 at the invitation of the MOFTEC.

Libyan Official Urges Closer Banking Ties

HK2906034594 Beijing CHINA DAILY in English 28 Jun 94 p 2

[By Wang Yong: "Libya Seeks Banking Ties With China"]

[Text] A top Libyan official yesterday called for banking cooperation with China to bolster bilateral trade.

Fathi Ben-Shatwan, secretary for industry and minerals, said lack of banking support has hindered the development of trade.

He was speaking at a meeting in Beijing with Wu Yi, Chinese Minister of Foreign Trade and Economic Cooperation (Moftec).

The Libyan led a high-powered national delegation to the fifth session of the bilateral joint commission on trade, economic, and scientific co-operation.

Trade settlements have been affected by the difficulty in currency conversion between companies from the two countries, Shatwan said.

He said Libya hopes to increase cooperation with China, now that his country has tilted towards Asia for development.

He urged China to be further integrated in Libya's economic construction.

"Moreover, China can use Libya as a springboard for entrepot trade with other North African nations," he said.

He proposed that the two nations start barter trade in addition to the current cash trade.

China mainly buys oil and urea from Libya, while exporting grain, tea, and light and textile products.

Wu Yi expressed hopes that Libya could buy more from China to balance the bilateral trade.

China suffered a deficit of \$75 million with Libya last year according to Chinese statistics.

Wu said as China's economy continues to expand, China is also ready to increase imports from Libya.

Printing Equipment Gift From UAE President Arrives

OW2906120494 Beijing XINHUA in English 1125
GMT 29 Jun 94

[Text] Beijing, June 29 (XINHUA)—Printing equipment worth 350,000 U.S. dollars, offered as a gift by President Shaik Zayied Bin-Sultan al Nuhayyan of the United Arab Emirates (UAE), to the China Islamic Association, has arrived in China.

UAE Ambassador to China Isma'il 'Ubayd al Yusuf 'Ubayd recently called on the China Islamic Association and had talks about the gift with Saliha An Shi Wei, president of the association, and Nur Ma Xian, vice-president of the association.

An Shi Wei and Ma Xian expressed thanks to the UAE president for his kindness to the Chinese Muslims. They said the China Islamic Association would select a factory as soon as possible and install the equipment in time for operation before next year's month of fast.

An Shi Wei said the China Islamic Association will try its best to run the factory, which is expected to print valuable Islamic classics to promote Islamic culture.

West Europe

Reportage on Premier Li Peng's European Tour

Meets With Press

OW2906111594 Beijing XINHUA Domestic Service in Chinese 1356 GMT 28 Jun 94

[Text] Beijing, 28 Jun (XINHUA)—Premier Li Peng left Beijing this morning for official visits to Austria, Germany and Romania. He will stop over at Urumqi en route to those countries. Before departing from Beijing, Premier Li Peng held a press conference in the Great Hall of the People.

Premier Li Peng said: "At the invitation of Austrian prime minister, German chancellor and Romanian president and prime minister, I am leaving to pay official good-will visits to the above three countries. The leaders of the three countries have visited China before, and I am paying return visits. During the visit, I will exchange views in a comprehensive and thorough way with the leaders of those countries on international issues and bilateral relations. I believe the visit will play a positive role in promoting China's friendly and cooperative relations with the three countries."

Premier Li Peng said: A distinct feature of this visit is that my entourage includes also presidents and general

managers from more than 30 large and key enterprises in metallurgy, power, petrochemicals, automobiles, machinery and import-export trade. All of them have direct business links with Germany and Austria.

Responding to reporters' questions on China's current economic situation and how the country is curbing inflation, Li Peng said: The general trend in China's current economic development is good. The 9 percent economic growth rate we have projected is still comparatively high. Our policy is to enable the economy to develop in a sustainable, fast and healthy manner. The Chinese Government attaches great importance to the commodity price problem. Since June 1993, it has taken a series of macro-economic regulation and control measures in a bid to curtail inflation. These measures have included maintaining an appropriate degree of increase on money supply, strictly controlling the scale of investment in fixed assets, controlling the fast growth of consumption funds, promoting agricultural production, striving for good agricultural harvests, paying attention to the urban "vegetable basket project," increasing market supply, tightening control over prices, and striving to maintain at stable prices people's daily necessities. I can tell you one thing, ladies and gentlemen, these measures have yielded positive results and the price hikes have begun to fall off over the past few months. In the meantime, our imports and exports have grown at a double-digit rate, higher than that of the national economy. This will contribute to the development of China's national economy and its opening up.

Asked to comment on the prospects for development of Sino-French relations, Li Peng said: "I am personally satisfied with the current state of Sino-French relations. Earlier this year, China and France signed a joint communique. In April, French Prime Minister Balladur paid a successful visit to China. Sino-French relations have entered a stage of overall restoration and development. During his visit here, Prime Minister Balladur conveyed from President Mitterrand an invitation to President Jiang Zemin. At present, the two governments are discussing the exchange of visits between the two leaders."

On Sino-British relations, Li Peng said: "There are quite big differences in the views of China and Britain on the Hong Kong issue, so much so that they have affected overall relations between the two countries. But the responsibility does not lie with China. During my recent meeting with British entrepreneur Lord Prior, I said to him that China hopes that economic and trade relations between China and Britain will develop normally, but it is impossible that such relations will not be affected by the political relations between the two countries. What we should do is try, as far as possible, to avoid any negative effect."

Asked about China's economic relations and trade with Western Europe, Li Peng replied: "China attaches great importance to its relations with Western European countries. We wish to see further development of cooperation between China and Western Europe in the economy,

trade, science and technology, education and other spheres. Western Europe now has a population of more than 370 million and its total GDP has overtaken that of the United States. In addition, it boasts advanced technology, and has adopted a relatively open attitude toward technology transfer to China. China has had very good trade ties with the region. There has been a long history of cooperation between Germany and China, and Germany ranks as China's biggest trade partner in Western Europe. During the visit, we will sign some governmental agreements and business contracts and letters of intent with the relevant countries. The visit, with a purpose to promote understanding and cooperation, will bring fruitful results to our economic cooperation with them."

When a reporter asked Premier Li Peng whether his overseas tours, one after another, mean his complete recovery from illness, Li Peng said with smile: "Your judgment is right. I have been restored to health completely and have long resumed normal work."

Premier Li Peng announced at the end of the press conference that during his absence, Vice Premier Zhu Rongji would act as premier.

The premier's entourage includes his wife Zhu Lin and Vice Premier Li Lanqing. It also includes Wang Zhongyu, Minister of the State Economic and Trade Commission; Ye Qing, Vice-Minister of the State Planning Commission; He Guangyuan, Minister of Machine-Building Industry; Liu Qi, Minister of Metallurgical Industry; Qi Huaiyuan, Director of the Foreign Affairs Office under the State Council; and responsible comrades of other departments.

Among those present at the Great Hall of the People to see Premier Li Peng and his party off were Vice Premier Zhu Rongji, Vice Premier Zou Jiahua, Vice Chairman Fei Xiaotong, and responsible comrades of departments concerned, as well as diplomatic envoys in Beijing of Austria, Germany and Romania.

Greeted by Chancellor Vranitzky

*OW2906130794 Beijing XINHUA in English 1253
GMT 29 Jun 94*

[Text] Vienna, June 29 (XINHUA)—Chinese Premier Li Peng arrived in Vienna today to be greeted at the airport by Austrian Federal Chancellor Franz Vranitzky amid a grand ceremony.

The red carpet was rolled out for Li's arrival at 12:30 P.M. local time for the first ever visit to Austria by a Chinese premier since the two countries established diplomatic relations 23 years ago.

The Chinese premier was greeted by Chancellor Vranitzky and other senior Austrian leaders.

Li's entourage includes his wife Zhu Lin, Vice-Premier Li Lanqing and his wife, and three other cabinet ministers: Wang Zhongyu, minister in charge of the State

Economic and Trade Commission, He Guangyuan, minister of the machinery industry and Liu Qi, minister of the metallurgical industry.

After the national anthems of the two countries were played by a military band, Li, accompanied by Vranitzky, reviewed a guard of honor.

Federal President Thomas Klestil will host a grand banquet this evening at the presidential palace in honor of Li Peng and his entourage.

Li is on a five-day official visit to Austria, the first leg of a three-nation European trip which will also take him to Germany and Romania.

Also traveling with the Chinese premier are 39 business leaders from major Chinese enterprises, who will hold extensive talks with their Austrian counterparts and sign a series of agreements on trade and economic cooperation.

It is the first time that so many leading businessmen have accompanied a top Chinese leader on an official visit.

Expects Further Cooperation With Austria

*OW2906131194 Beijing XINHUA in English 1254
GMT 29 Jun 94*

[Text] Vienna, June 29 (XINHUA)—Chinese Premier Li Peng said here today that he expects his visit to Austria will help promote understanding and cooperation as well as push forward the comprehensive development of bilateral relations.

In a written speech delivered at the airport upon his arrival at 12:30 local time, Li said that he was very happy to become the first Chinese premier to visit Austria in the history of bilateral relations.

Since the two countries established diplomatic ties 23 years ago, great progress has been achieved in various fields of their relations, the Chinese premier said.

Expressing his satisfaction with the development of bilateral relations especially in recent years, Li said that high-level political exchanges have increased and economic and trade ties have seen a rapid growth during the period.

During his stay in Vienna, the Chinese premier will hold talks with Federal Chancellor Franz Vranitzky discussing further development of bilateral relations and other issues of common interests. He will also meet with President Thomas Klestil, other Austrian leaders and leading businessmen.

Li said he believed his Austria visit would achieve the expected results.

Attends Grand Banquet

*OW3006015394 Beijing XINHUA in English 0143
GMT 30 Jun 94*

[Text] Vienna, June 29 (XINHUA)—Austrian President Thomas Klestil said here today that Austria will become a more powerful and significant business partner of China once this country becomes a European Union member.

The president said Austria is confident that it will be admitted into the European Union at the beginning of next year.

He made the remarks at a grand banquet he hosted here this evening for visiting Chinese Premier Li Peng, who arrived earlier today on a five-day official visit.

Proposing a toast, Klestil said that Li's Austria visit, the first ever made by a Chinese premier, will help bring the two countries' relations to a new height.

China and Austria established diplomatic ties 23 years ago.

Klestil said that his country has been following China's economic reform and opening up to the outside world with great interest.

China, as a major force to maintain Asian stability, will play a greater role in this regard in the next century, he added.

Li said in reply that Vienna, seat of many international organizations, has made unique contributions to safeguarding world peace and promoting international cooperation.

On bilateral relations, Li said that China and Austria enjoy a long history of friendship and the Chinese Government is willing to further such relations on the basis of the five principles of peaceful coexistence.

Touching on the international situation, Li said that since the end of the Cold War, world multi-polarization has been speeding up and the whole international situation has been in a profound change.

Li said he is looking forward to having in-depth discussions with President Klestil, Chancellor Franz Vranitzky and other Austrian officials on bilateral relations and international issues of common interest.

The Austrian chancellor and Chinese Vice-Premier Li Lanqing were among the 150 people present at the banquet held at the Presidential Palace.

Praises 'Momentum' of Relations Development

OW3006093194 Beijing XINHUA Domestic Service in Chinese 0439 GMT 30 Jun 94

[By reporters Zhang Yijun (1728 4135 0193) and Zhang Hao (1728 3185)]

[Text] Vienna, 29 Jun (XINHUA)—Austrian President Thomas Klestil said during a banquet hosted by him for

visiting Chinese Premier Li Peng this evening: Austria attaches importance to developing relations with China, a country with vast land and a large population playing an important role in the world arena. Austria is devoted to promoting economic and cultural cooperation between the two countries.

Premier Li Peng arrived in Vienna at noon today to begin his five-day official visit to Austria. Austria is the first leg of his three-nation European tour. President Klestil hosted a banquet in the Presidential Palace to extend a warm welcome to Premier Li Peng and his party.

The Austrian president said in his toast during the banquet that a new chapter in Austrian-Chinese cooperation was opened when the two countries established diplomatic relations 23 years ago, and the first visit ever made by a Chinese premier to Austria today had raised bilateral relations to a new height.

He praised China's achievements in reform, saying the solution to the problem of feeding and clothing its population, the largest in the world, was no doubt the greatest achievement of the country. He hoped that China, as a stabilizing factor in Asia, would have a greater influence in the next century.

Klestil said that Austria would become a more powerful and significant economic cooperation partner of China.

In reply, Li Peng spoke highly of the development of the Sino-Austrian relations, particularly the good momentum of development which has emerged in recent years.

Li Peng said: China, pursuing an independent foreign policy for peace, is willing to develop friendly and cooperative relations with all countries of the world, including Austria, on the basis of the five principles of peaceful coexistence.

On the international situation, Li Peng pointed out: Since the end of the Cold War, world multi-polarization has been speeding up and the whole international situation has seen great and profound change. However, the disintegration of the bi-polar structure and the end of the Cold War do not mean that the world is now peaceful.

Li Peng said: Austria, known as the "home of music" in the world, is not strange to the Chinese people. Many works by Mozart, Schubert and Strauss are very popular among the Chinese people. The Austrian people have made admirable achievements in building their country. Austria, with its capital Vienna the seat of many international organizations, has made unique contributions to safeguarding world peace and promoting international cooperation.

On the human rights issue, President Klestil said that there were positive discussions going on in the world today on the issues of development and human rights, and dialogue on these matters was helpful and noteworthy.

Agreeing with Klestil, Li Peng said: China attaches great importance to human rights and has made great efforts to adopt the "Vienna Declaration and Program of Action."

China is willing to have dialogue on human rights issues with other countries on an equal basis, and it is against the practice of using human rights issues as an excuse to interfere in the internal affairs of other countries.

Present at the banquet were Austrian chancellor Vranitzky, Austrian National Council president Fischer, Austrian politician Guster [name as received] and Chinese Vice-Premier Li Lanqing.

Comments on Human Rights

*OW3006020294 Beijing XINHUA in English 0153
GMT 30 Jun 94*

[Text] Vienna, June 29 (XINHUA)—Chinese Premier Li Peng reiterated here today that China is willing to have dialogue on human rights issues with other countries on an equal basis.

The premier stressed that China is against the practice of using human rights issues as an excuse to interfere in the internal affairs of other countries.

Li made these remarks in his reply to Austrian President Thomas Klestil's speech at a banquet for the visiting Chinese leader, who arrived here earlier today for a five-day official visit.

Klestil said in his toast that there are positive discussions going on in the world today on the issue of development and human rights, and dialogue on these matters is helpful and noteworthy.

Agreeing with Klestil, Li said that China attaches great importance to protecting human rights and has made efforts for the adoption of the "Vienna Declaration and Program of Action" last year.

Delegation Seeking Investments Visits France, Italy

*HK2906153194 Beijing ZHONGGUO XINWEN SHE
in English 0948 GMT 29 Jun 94*

[Text] Beijing, June 29 (CNS)—An economic and trade delegation organized by the Ministry of Foreign Trade and Economic Cooperation started a one-week visit in Paris today in a bid to bring in foreign investment.

The delegation attended a seminar on Sino-French joint venture held in Paris this morning with the Federation of Industry and Commerce as the sponsor. The deputy director of the foreign investment administrative bureau of the Ministry, Mr. Lin Kun, said in the seminar that the massive investment in China made by French businessmen had begun in 1980. Statistics showed that there were 467 investment items involving high technology undertaken by French enterprises in China as of late September, 1993. The pledged investment was put at U.S.\$830 million and the actual investment was valued at U.S.\$473 million at present. France saw a sharp rise in investment in China last year. Investment items reached 225 between January and September in 1993 with actual investment totalling U.S.\$12.79 million.

The delegation explained in detail to representatives from French enterprises how foreign companies managed and made use of foreign exchange by their branches in China. It also covered matters on investment environment in special economic zones in China. Participants expressed great interest in all these topics.

The 116-member delegation comprises representatives from various professions in 14 provinces and cities. The visit was aimed at not only attracting foreign capital, but also publicizing policies as well as measures adopted by the Chinese government in introducing foreign investment in order to help foreign enterprises set foot in the China market as soon as possible.

The visiting group will offer 350 large items worth U.S.\$1 billion for French investors. The capital drawing activities will last until July 3 and sources from the enterprise sectors in the two countries hoped the function could achieve striking success.

Before the visit to France, the delegation made a trip to Milan, Italy where the group attended an international development and investment function while at the same time the delegation carried out activities to tap foreign capital. The group signed ten agreements with industrial and commercial sectors there. The total investment brought in China was valued at U.S.\$100 million. It also signed letters of intent for 55 large joint ventured items worth U.S.\$400 million.

Beijing, Amsterdam Discuss Illegal Immigration Issue

*OW3006074694 Beijing XINHUA in English 0731
GMT 30 Jun 94*

[Text] Beijing, June 30 (XINHUA)—Consultations between China and the Netherlands on preventing illegal immigration were held here this week.

Zhang Hongxi, director of the Department of Consular Affairs of China's Foreign Ministry, and H.P.A. Nawijn [name as received], director of the Immigration and Naturalization Service of the Netherlands, exchanged views in a friendly and candid atmosphere.

They reached agreement on prevention of illegal immigration, taking strong measures against snakeheads—organisers of illegal immigrants—and other criminals, checking and repatriating illegal immigrants, and keeping up normal exchanges between the citizens of the two countries.

Both Zhang and Nawijn expressed the hopes that relevant departments of the two countries would enhance cooperation and make still greater efforts for the expansion of bilateral friendly relations.

Both sides agreed that relevant details should be further discussed through diplomatic channels.

Political & Social

Public Security Minister Interviewed on Crackdown

HK2806153094 Beijing JINGJI RIBAO in Chinese 7
Jun 94 p 5

[Interview with Public Security Minister Tao Siju by special correspondent Song Xiaoming (1345 2556 2494); date, place not given. "Economic Development Requires Good Public Order"]

[Text] Economic Development Requires Social Stability

[Song] As public security minister, how do you view the relationship between socioeconomic development and public order?

[Tao] Overall, only when the economy is developing can people's living standards be improved and can we enjoy social and political stability. The fundamental condition for long-term stability and social peace is greater production forces, which is also the only way available for consolidating and developing the socialist system. In the context of global political change, one basic reason for the drastic changes in Eastern Europe and the Soviet Union is sluggish and even stagnant economic development.

[Song] A political scientist once argued that "modernization stands for turmoil." What is your comment on this view?

[Tao] Modernization might cause a range of new problems, but not necessarily turmoil. We should have a correct understanding of reform, opening up, and economic development, and be positive about them. Reform is revolution and is bound to upset various interest relationships and create many social contradictions and problems, and even shock society. We should be mentally prepared for them, pursue painstaking ideological work, and solve them properly. Meanwhile, only a deepening of reforms can fundamentally solve the problems in our hands. We cannot just whine and blame people for the new social contradictions and problems appearing in the process of reform. Also, we should note that we cannot judge whether the present open social and political conditions and public order are good or bad compared with public order in the closed society of the past.

[Song] Comrade Deng Xiaoping once said this with a specific reference: "Of the four cardinal principles, upholding people's democratic dictatorship is as important as the other three." How do you understand this statement?

[Tao] As the person in charge of the country's public security, I have a deeper understanding of Comrade Deng Xiaoping's statement. A decade or so of our country's great practices and of changes in international

climate plainly show that safeguarding social and political stability is very important for economic construction and social development. If the basic line remains unchanged and there is social and political stability—if these two are the case—modernization will move ahead continuously. In June 1989, Comrade Deng Xiaoping pointed out: "Nothing can be achieved without a quiet political environment. In February 1989, he pointed out further: "The overwhelming thing for China right now is stability. Nothing can be achieved without a stable political environment; in fact all that we have worked so hard to gain would be lost overnight." He brought this up with sincerity and seriousness in a key speech in early 1992, when he was inspecting the south: "The collapse may be overall. If it is going to fall apart, it will be easy for it to do so overnight. Falling apart is easy, while construction is always difficult. There will be problems if we do not pay attention to things in their initial development." Facts prove that without adhering to the "stern crackdown" policy and various sustained drives against criminal activities, our reform, opening up, and socialist modernization would not have developed as rapidly as they have today.

Hands Must Not Be Soft in Cracking Down on Crime

[Song] What are the main destabilizing factors in China at present?

[Tao] Our country is enjoying economic development and sociopolitical stability, but there are still destabilizing elements. Owing to domestic factors and international influences, a certain amount of class struggle may continue for a long time, and might even escalate under certain conditions. This objective fact should not be exaggerated or minimized, since both of them are wrong. Comrade Deng Xiaoping pointed out: "The Western powers are waging a World War III without smoke, meaning that they want to effect peaceful evolution in socialist countries." Hostile forces outside our borders are stepping up their efforts at infiltration, separatism, subversion, and sabotage, while domestic hostile forces are actively regrouping, building up networks, raising funds, changing tactics and approaches, and biding their time in a vain attempt to create new turmoil. Public order in some localities is not good, and we have seen more felonious and gang crimes, while other economic and criminal offenses remain rampant. People are very critical of this.

[Song] Comrade Deng Xiaoping is remembered to have said this many times: "Overall, the biggest mistake in the crackdown on crime was showing too much mercy."

[Tao] Comrade Deng Xiaoping put it right. I believe that with an increasing number of crimes, especially serious ones, it is necessary to be harsh in meting out justice.

[Song] As I understand, comrades in some departments concerned still hesitate about a stern crackdown.

[Tao] Vigilance must be maintained against hostile forces both inside and outside our borders. We cannot

label it "the residual influence of class struggle as the key link" the moment some one talks about increasing vigilance in this respect, nor accuse him of going the "leftist" way as soon as he brings up strengthening concentrated attacks, nor be surprised or make wild guesses about the idea of beefing up dictatorship organs. Defending the four modernizations absolutely is not "leftist." We are not losing ground here.

[Song] Where lies the key to striking a balance between conducting a stern crackdown and preventing it from widening?

[Tao] The key lies in distinguishing between contradictions among the people, and those between ourselves and enemies. In the process of reform, there are bound to be massive contradictions among the people. This is something unavoidable in the process of reform. Handling these contradictions properly is an important matter for defending social stability. This is particularly true with issues of economic interests and of ethnic and religious significance. They should receive full attention, lest contradictions widen and escalate, through our carelessness and neglect, into riots or turmoil that jeopardize reform, opening up, and the four modernizations.

Public Security Work Must Adjust to Reform and Opening Up

[Song] What must public security concern itself with in terms of its briefs in order to be of service to reform, opening up, and economic construction?

[Tao] The principle is upholding the policy of a "strict rule of the police force" put forward in 1984 in order to develop the public security contingent into a loyal, reliable, highly trained, professional, disciplined, and tough force.

First, all public security cadres and policemen must be armed with the theory of pursuing socialism with Chinese characteristics, and their quality must be raised, so that public security personnel always obey party commands and uphold party leadership over the public security force. Party building within the public security hierarchy must be strengthened, down to each party branch. Meanwhile, we also should improve basic training and raise their professional quality.

Second, uphold dual leadership and combining central government departments with local authorities, with the latter taking the lead as the leadership structure for public security. This differs from counterparts in other socialist countries, including Eastern Europe and the former Soviet Union.

Third, emancipate minds, seek truth from facts, tackle public security work well, and make better adjustments to the needs of reform, opening up, and economic development.

Fourth, adhere to the policy of combining expertise with the mass line, and continuously sum up new experiences in sustaining a mass line in the new historical period.

Fifth, on central authorities' demand, we must work hard to pursue the anticorruption drive, investigate serious cases in a serious manner, continue to tighten discipline, achieve closer ties with the people, strengthen and perfect the self-supervisory mechanisms of public security organs, make strict demands, pursue strict management and education, and tighten discipline in order to continuously raise our combat power.

Wu Bangguo Discusses Anticorruption Work

OW2806112994 Beijing XINHUA Domestic Service in Chinese 0145 GMT 28 Jun 94

[By reporter Chen Maodi (7115 3029 1717)]

[Text] Shanghai, 28 Jun (XINHUA)—Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, attended a meeting of Shanghai municipality on improving party style and building a clean and honest government on 27 June. During the meeting, he called on leading cadres at all levels to guard against attacks by sugar-coated bullets at all times, always hold aloft the banner of good party style and ethical integrity, treat the anticorruption struggle as an important work, do it seriously, and achieve good results in it.

Wu Bangguo pointed out: Under the leadership of the party Central Committee and the State Council, the situation is good in all fields of Shanghai, including the economic situation and the situation of the party style and ethical integrity among public servants. The anticorruption struggle has progressed healthily and has basically yielded the desired results. Wu Bangguo emphasized: We should understand that to improve the party style and build a clean and honest government is as important as the implementation of the party's basic line. We should attach great importance to the anticorruption issue during the course of developing economy, deepening reform, and opening up wider to the outside. He said: During the shift from old to new economic structure and while the market economy is not yet matured, there exist the soil and the conditions for generating corruption. Now, cadres have more opportunities to participate in economic activities directly or indirectly, and they have greater power than they did under the planned economy structure. Our leading cadres at various levels have a problem to solve—how to conscientiously resist the attacks by sugar-coated bullets and protect the interests of the state and the people.

Wu Bangguo said: We should always hold aloft the banner of good party style and ethical integrity, and constantly study new circumstances and new problems, adopt effective measures and make great efforts to improve education, the legal system and the mechanism, do solid and persistent work, and truly achieve good results in building a clean and honest government.

Wu Bangguo said: In the second half of this year, we should treat the anticorruption struggle as an important work for all party members in Shanghai and carry it out

in a thorough, sustained, and even more effective way. We should deal heavier blows to criminals and step up the investigation and handling of major cases of embezzlement, bribery, and other economic crimes. We should sternly deal with typical cases, fully display the determination of the party and the government, and admonish and save a large number of cadres from committing crimes. Leading cadres at all levels should set high standards and strict demands for themselves and give a good example of abiding by law and discipline. They should seriously implement the two sets of "five-point regulations" issued by the Central Committee for leading cadres to be honest and exercise self-discipline; and they should conscientiously examine themselves and correct their own mistakes, if any. While exercising self-discipline, leading cadres should ensure good behavior among their relatives and aides and strengthen their leadership over the anticorruption struggle. Principal party and government leaders should assume full responsibility for the task of improving the party style and ensuring ethical integrity among public servants within their regions, departments, and organizations. While the task should be performed at every level, the higher level should supervise the work of the next lower level. It is necessary to carry out the task of improving the party style and building a clean and honest government, the reform measures, and other undertakings simultaneously.

Chen Junsheng Addresses Conservation Law Seminar

HK2906160294 Beijing ZHONGGUO XINWEN SHE in English 1240 GMT 29 Jun 94

[Text] Beijing, June 29 (CNS)—A general survey on land showed that soil erosion was rather serious which affected a total area of 3.67 million sq. kilometres, making up 38.2 percent of the gross territory across the country.

Soil erosion happens to various extent in all provinces, autonomous regions and municipalities across China which is one of the countries suffering from the most serious soil erosion in the world. Such problem has become a grave obstacle to the national economic and social development.

Speaking in an annual seminar on implementation of law for water and soil conservation, the State Councillor, Mr. Chen Junsheng, stressed that every possible means had to be tried in order to protect water and soil resources as well as to exploit land resources in a scientific way.

The Vice-Minister of Water Resources, Mr. Zhou Wenzhi, pointed out that great progress had been made in water and soil conservation during the past 40 years. Basic farmland developed specially for the tackling of soil erosion was put at 150 million mu. An annual gain of 13.5 billion kilograms of grains was ensured following the harnessing of the soil erosion. Other work on dealing with the problem included the harnessing of barren hills and the planting of 500 million mu of economic forest for water and soil conservation, cultivation of 50 million

mu of fruit-bearing economic forest and the planting of 50 million mu of grassland. The water and soil conservation project was considered by the general public as "benevolent work".

Mr. Zhou said that China had promulgated regulations of water and soil conservation three years ago and then formulated corresponding rules for implementation of the regulations. The rules were tried in 350 counties across the country and valuable results were turned out.

He added that a legal system for water and soil conservation as well as a system for supervision of law enforcement in this regard would be rapidly built up. Investigation will be conducted on a number of serious cases related to soil erosion in a bid to reduce the man-made factors to the minimum degree which were blamed for soil erosion. Meanwhile a fund for the water and soil conservation will be set up while other practices will be carried out including popularity of utilization rights to undeveloped land.

Editorial Discusses Jiang's Southern Tour

HK2906135494 Hong Kong WEN WEI PO in Chinese 29 Jun 94 p A2

[Editorial: "Jiang Zemin's Trip to Guangdong and Fujian Is of Great Significance"]

[Text] Jiang Zemin, general secretary of the CPC Central Committee, president of the PRC, and chairman of the Central Military Commission, visited Guangdong and Fujian on a study tour two weeks ago. During the two-week tour, Jiang made speeches on China's current situation and tasks. He called on all levels of party leaders and government officers to have the situation well in hand and do a good job of major tasks, especially the two main tasks of promoting agricultural development and enlivening state enterprises in the overall interests of the work of the ruling party and the state. He reiterated that the central authorities' determination to develop special economic zones (SEZ), basic policies toward SEZ's, and the role played by the SEZ's in the national reform, opening up, and modernization drive remain unchanged.

During the tour, apart from expressing many very important opinions on the current reform, opening up, and economic development, he tried to find out about party building. Strengthening party building and making the party organization function as a nucleus are the basic guarantees of China's reform, opening up, and modernization drive to proceed smoothly and score successes. So these problems merit great attention.

According to our understanding, to develop itself, the CPC has placed emphasis upon work in four respects. One, strengthening democratic centralism, a system which has been practiced by the CPC for a long period and which has proved effective. This means combining centralism on the basis of democracy with democracy under centralized guidance. The system can help the

authorities at all levels to pool collective wisdom and then make policy decisions in a democratic and scientific way. Our reform, opening up, and modernization drive, which will last for a long time, demands that policy decision makers have a fine work style, possess knowledge of modern science and experience in management, and work and pull together while bringing their individual strong points into play. By formulating principles and policies through pooling their collective wisdom on the basis of democracy, by requiring the authorities at all levels to carry out the principles and policies thus formulated, and by stipulating that the minority is subordinate to the majority, the lower level to the higher level, and various localities to the central authorities, we can create a situation in which there is both centralism and democracy, both discipline and freedom, both unity of will and personal ease of mind, and liveliness. This is of great importance to developing a socialist market economy.

Two, strengthening leading bodies at all levels in line with the principle of making the ranks of cadres more revolutionary, younger, better educated, and more professionally competent. We have made great progress in this respect over the last few years. Especially since the 14th CPC National Congress, the average age of central government ministers and provincial party and government leaders has dropped to about 50 to 60, while that of officers at prefectural and department levels to a lower level. The cultural and professional level of officials on the mainland at present, which has gradually met the needs of the current domestic construction and of the international situation, is the highest since the founding of the CPC and since the CPC came to power. The CPC has stressed the need to require party-member officials at all levels to maintain high standards of ethical integrity. Under the market economic system, this is a major problem calling for a satisfactory solution.

Three, strengthening grass-roots party organizations. While the economy grows rapidly, grass-roots party organizations in some places are in a weak and lax state and are failing to function as the grass-roots political power and as grass-roots organizations of the ruling party. This is one root cause of the many social problems in certain places. Therefore, how party and government departments at all levels strengthen and manage grass-root party organizations has become a problem which demands a prompt solution. This is all the more important for party organizations at the township and village levels in rural areas, at the neighborhood level in urban areas, in places combining town and country, and in local state agencies. And,

Four, arriving at a comprehensive understanding of Deng Xiaoping's theory on building socialism with Chinese characteristics. This theory is a complete system, has substantial content and many connotations, and is imbued with dialectic materialism and historical materialism. Only when we have a complete understanding of the scientific system can we work in a down-to-earth manner and have the overall interests in mind,

refraining from giving emphasis to one thing to the detriment of another (for instance, giving emphasis to "rapid growth" to the detriment of efficiency), giving emphasis to local interests to the detriment of overall interests, and giving emphasis to material progress to the detriment of cultural and ideological progress. Only when we have a complete understanding of Deng Xiaoping's theory can we ensure the reform, opening up, and modernization drive proceed steadily.

While in Guangdong, Jiang called specially upon the Shenzhen and Zhuhai SEZ's to continually help the state exercise sovereignty over Hong Kong and Macao and to maintain lasting stability in the two places. If the two SEZ's can do a better job in developing a socialist market economy, in expanding socialist democracy, and in promoting socialist cultural and ideological progress, they will play a more important role in maintaining sustained prosperity in Hong Kong and Macao, he said. This expounds from another angle the characteristic relationship between Hong Kong and Macao under the principle of "one country, two systems" and the two SEZ's.

Jiang's trip to Guangdong and Fujian is a major event of far-reaching significance in China's present political life, and the speeches he made will give impetus to and serve as ideological guidance in China's future reform, opening up, and modernization drive.

Party Steps Up Control of Propaganda Apparatus

HK3006063494 Hong Kong SOUTH CHINA MORNING POST in English 30 Jun 94 p 13

[By Willy Wo-lap Lam]

[Text] The faction led by President Jiang Zemin has stepped up the party's control over propaganda in an apparent bid to better position itself in the post-Deng Xiaoping power struggle in China.

For the second time in six months, the head of the party's Propaganda Department, Ding Guangen, has held a major conference on ideology and the media to push home Mr Jiang's line to the nation's journalists and commissars.

The meeting, which was reported by the national media yesterday, called on the official press to promote national unity under the banner of "Comrade Zemin as the core of the new leadership".

Mr Ding, a close ally of Mr Jiang, also promoted the President's year-old slogan highlighting the "leitmotif of the times"—socialism, patriotism and collectivism.

"The main thrust of journalistic work is to uphold unity and stability, to generate enthusiasm (for economic construction) and to make positive propaganda," said Mr Ding, a Politburo member.

Press sources in Beijing said it was uncommon for the Propaganda Department to hold two national-level conferences within six months.

They said that in recent internal meetings, Mr Ding and other hardliners in the department had imposed further restrictions on the media.

It has been discouraged from carrying news that could be construed as "destabilising", including signs that the campaign to boost macro-level controls over the economy was not as successful as leaders made it out to be.

A total ban has been imposed on reporting strikes and other labour protests.

The sources said that in internal speeches, Mr Jiang and Executive Vice-Premier Zhu Rongji had warned against "cacophonous noises", which, they said, included unconstructive criticism of the work of the administration.

The national media has failed to report on several academic conferences where liberal economists criticised aspects of Mr Zhu's austerity programme.

Meanwhile, in a meeting with "model party members" ahead of the 73rd anniversary of the founding of the Communist Party, Mr Jiang urged the nation's 54 million party members to "help promote economic development and safeguard stability".

Mr Jiang expressed satisfaction over the fact that in the past year, more than 50,000 grassroots party cells had been established and 1.76 million new members recruited.

Provincial Leaders on Propaganda Work

HK3006080894 Beijing RENMIN RIBAO in Chinese
14 Jun 94 p 3

[Report: "Centering on One Basic Principle, Performing Four Major Tasks Well—Excerpts of Speeches Made by Leaders of Some Provincial, Municipal and Autonomous Regional Party Committees at Local Conferences on Propaganda and Ideological Work"]

[Text] Editor's Note: It has become important work for party committees and propaganda departments of various localities to implement the spirit of the National Conference on Propaganda and Ideological Work. Here we reprint excerpts of speeches by some chief responsible persons of party committees from 17 provinces, municipalities, and autonomous regions at local conferences on propaganda and ideological work, with the hope that they will play a role of exchange and reference.

Propaganda and ideological work serves to promote the building of "two civilizations," and plays a very important role in building socialism with Chinese characteristics.

At the 1993 National Conference for Directors of Propaganda Departments, Comrade Jiang Zemin emphasized: "With reform and opening up developing in depth, it is all the more necessary to mobilize and unite

the masses, and attach greater importance to propaganda and ideological work, which should only be strengthened not weakened." At the National Conference on Propaganda and Ideological Work this year, Comrade Jiang Zemin again set out the requirement of "one basic principle, four major tasks"; namely, closely centering around the basic principle of building socialism with Chinese characteristics, "arm people with scientific theory, guide them with correct public opinion, mold them with lofty spirit, inspire them with fine works." That is the general layout and strategic thinking of the Central Committee for doing a good job of propaganda and ideological work. We should proceed from this point in implementing the spirit of the National Conference on Propaganda and Ideological Work.

Propaganda and ideological work is a branch of knowledge that calls for continuous creation, improvement, and development. We are in the great times of reform and opening up, and at a crucial stage of tackling bottlenecks in reform. The people are in high spirits, their practice is rich and colorful; however, "hot spots" of social concern and "knotty" problems are many. This is the best opportunity for comrades engaged in propaganda and ideological work to fully display their talents and give play to their creativity. Leading comrades of party committees and propaganda departments at various levels must augment and improve party leadership over propaganda and ideological work in a down-to-earth way, while taking the lead in practice; propaganda and ideological work will certainly take on a situation characterized by vigor, vitality, and great momentum. [end editor's note]

Strengthen and Improve Party Leadership Over Propaganda and Ideological Work

Wu Bangguo (Political Bureau member, secretary of the Shanghai Municipal CPC Committee): The principle of "one basic principle, four major tasks" Comrade Jiang Zemin set out for propaganda and ideological work embodies the party's general layout and strategic thinking for strengthening propaganda and ideological work in the course of building the socialist market economic structure, revealed the objective requirements of the law governing socialist modernization on propaganda and ideological work, and grasped the important issues of the propaganda and ideological front that has a bearing on the overall situation. Our party committees and departments of propaganda and ideological work at various levels must earnestly study and grasp the issue and unify their thinking. It is imperative for us to augment our sense of the overall situation and strategy to acquire a thorough grasp of the profound meaning of the "crucial period" and "significance of the overall situation."

Propaganda and ideological work is indispensable in doing a good job in all aspects in a crucial period of building the socialist market economic structure, based on the requirements of the overall situation of "seize the

opportunity, deepen reform, expand opening up, promote development, maintain stability." It is not a passing phase but long-term work to do a good job of relaying, studying, implementing the spirit of the National Conference on Propaganda and Ideological Work. To provide effective ideological insurance and support in public opinion for reform, opening up, and modernization is a task not confined to propaganda and ideological work department and workers, but the primary task for the whole party, especially the leading organs at various levels. Only by standing at a strategic plane, proceeding from the overall situation, will it be possible for party committees at various levels to give propaganda and ideological work an important place on the agenda, study the issue carefully, make unified arrangements, be diligent and eager in urging its implementation, and consciously do a good job of propaganda and ideological work.

Gu Jingci (secretary of the Liaoning Provincial CPC Committee): To strengthen and improve the party leadership over propaganda and ideological work, it is primarily necessary to unify thinking and understanding.

Party committees at all levels should resolutely implement the principle of "doing two types of work simultaneously, while attaching equal importance to both," and give propaganda and ideological work and building of spiritual civilization an importance place on the agenda; major leading cadres should constantly go deep into the propaganda and ideological front, promptly resolve various contradictions and problems surfacing in propaganda and ideological work, while being good at implementing various tasks of propaganda and ideological work and unfolding work in a creative way by linking it to the actual conditions in one's own locality and department. From now on, it is necessary to examine the political integrity and leadership level of leading bodies and leading members by judging whether or not they attach importance to propaganda and ideological work, whether or not they are good at doing a good job in this field. It is necessary to regard the results of propaganda and ideological work and building spiritual civilization as an important aspect in assessing and testing the work of a locality, department, or unit. Party committees at all levels must pay attention to giving play to the functions of propaganda departments in guidance, coordination, organization, administration, and macroscopic regulation and control of developments in propaganda and cultural undertakings.

Wang Qun (secretary of the Nei Mongol Autonomous Regional CPC Committee): Over the past few years, we have talked about strengthening building of spiritual civilization, ideological and political work on almost every occasion from top to grass roots; however, results have not been satisfactory and the fundamental cause is failure in implementation. Comrade Xiaoping was exactly right in saying: "It is not that we have not paid attention to the four adherences, ideological and political work, opposing bourgeois liberalization, and spiritual pollution; the point is that we lacked persistency in

actions and did not talk enough about it." He exhorted the whole party: "In grasping the building of spiritual civilization and party style and to improve the social atmosphere, we must do it resolutely without a moment's relaxation, and start from specific matters." Comparing our work in light of this specific instruction of Comrade Xiaoping, there really are some problems not to be neglected: First, the lack of sufficient firmness. True, some work in this arena has been done, but it was not enough to shape into an atmosphere. Second, work in this arena was done in fits and starts; some comrades forgot propaganda and ideological work under the condition that their work was going smoothly, and would think of propaganda and ideological work only when problems surfaced. And third, the lack of courage to grasp specific matters of one's own locality or unit. Some people dare not speak their minds about problems that have already come to light, and they dare not take matters into their hands, but let matters take their own course for fear of running risks and offending others. It is imperative to change this situation in a down-to-earth way. Party and government leading members and comrades of the whole party must strengthen their party spirit and do substantial work in the spirit of bearing responsibility for the interests of the party and people by adhering to principle. They should not only formulate plans and measures to augment propaganda and ideological work, but do work in a down-to-earth way and genuinely score results in ideological and political work.

Zhao Fulin (secretary of the Guangxi Autonomous Regional CPC Committee): Augmenting and improving party leadership over propaganda and ideological work is a long-term task. Party committees at all levels must set up, complete, and perfect related work systems, to institutionalize and standardize party leadership over propaganda and ideological work. When responsible comrades of party committees at various levels go down to the grass roots to inspect economic work, they should show concern for the conditions in propaganda and ideological work, too. It is necessary to go deep into the propaganda and ideological front, conduct investigations and study, summarize experiences, give guidance in a meticulous way, and urge and supervise work in this arena. It is necessary to complete and perfect the system of circulating conditions in propaganda and ideological work. Party committees at all levels must promptly circulate the requirements and opinions of the Central Committee on propaganda and ideological work, make arrangements for important propaganda activities, promptly remind related departments of problems with certain tendency or symptoms of a trend that are likely to surface in propaganda and ideological work, help propaganda departments to widen their train of thought, and grasp the orientation. It is necessary to shape the system of party committees calling regular meetings to hear reports and study propaganda and ideological work. Party committees should call meetings on propaganda and ideological work at regular intervals, to grasp conditions of work in this field in a comprehensive way,

study and determine the focus of propaganda and ideological work, be strict with propaganda discipline, and genuinely place the work under the party's absolute leadership.

Zhang Boxing (secretary of the Shaanxi Provincial CPC Committee): Efforts must be exerted to create a new situation in propaganda and ideological work. First, it is imperative to earnestly adhere to and implement the principle, "doing two types of work simultaneously, while attaching equal importance to both" in thinking and work. Party committees at all levels, especially chief responsible comrades must earnestly take up the responsibility, study and analyze the situation in propaganda and ideological work at regular intervals and determine work foci. They should be good at doing a good job of macroscopic control, while being good at giving specific guidance. They should face actual conditions, discover and promptly resolve problems, while implementing various major decisions of the central and the provincial committees in a down-to-earth way. Second, it is necessary to further emancipate the mind, renovate concepts, and actively explore the new path of propaganda and ideological work in practice to make work in this field develop in depth and lively in a meticulous way, and to strengthen its rallying force, combat effectiveness, and convincing power. Third, it is necessary to actively push reform of propaganda and cultural undertakings.

It is imperative to link up with reform, accelerate formulation of laws, decrees, rules and regulations in the propaganda and cultural arena, and legalize control over the cultural market. Fourth, it is necessary to pay great attention to the building of the rank and file of propaganda and ideological work. Provincial, prefectural, and county party committees should all formulate plans to train propaganda cadres on a rotational basis in a planned way. Party committees should show concern for the propaganda rank and file politically, ideologically, and in their work and life; regarding those cadres engaged in propaganda work who have made outstanding contributions, they should be cared for and commended. It is necessary to set up a complete, perfect, open, and fair competition mechanism, so that talented people in various categories may find their way to distinction. And fifth, it is necessary to change styles, to improve the art of leadership. Party committees at all levels should set up target responsibilities in propaganda and ideological work, augment examination and supervision, implement all tasks at the grass roots in a down-to-earth way, advocate truth-seeking and a pragmatic spirit, and oppose all things formalistic. It is necessary to be good at organizing and coordinating the strength of party committees, governments, as well as the workers' union, Communist Youth Leagues, and Federations for Women to form a pattern by which the whole party and society grasp propaganda and ideological work in joint efforts.

Arm People With Scientific Theory

Xie Fei (CPC Political Bureau member, secretary of the Guangdong Provincial CPC Committee): Since the publication of the important talks Comrade Deng Xiaoping made during his southern inspection tour, tremendous changes have taken place in Guangdong's social economy and people's spiritual lives; such a situation is owed chiefly to various places in Guangdong earnestly organizing study of the theory of building socialism with Chinese characteristics. At the same time, we must also see that lots of work remain to be done in arming the whole party with the theory of building socialism with Chinese characteristics. Some localities and units do not have sufficient understanding of the great significance of studying this theory and fail to organize study effectively. Some comrades have not yet genuinely viewed this theory on the plane of its being a fundamental principle. In our study today, attention should be paid to resolving the following issues:

First, it is necessary to firmly grasp the quintessence, emancipating the mind and seeking truth from facts, and establish a Marxist world outlook and methodology. It is imperative to combine the study of Comrade Deng Xiaoping's strategic thinking and ideological concepts with learning from his scientific attitude and spirit of pragmatism and creativeness, while guiding our work with all this. Presently, it is necessary to earnestly handle a series of relations in practical work, namely those between reform, development, and stability, between the market and planning, between growth rate and economic returns, between public ownership as the main body and the common development of diversified economic factors, between acknowledgement of differences and common prosperity, between the partial and overall situations, and between grasping two types of work simultaneously and paying equal attention to both. Second, it is necessary to guide the broad party members and cadres to earnestly summarize experiences of reform and opening up, and firm up their faith in building socialism with Chinese characteristics. It is necessary to enable people to see profoundly the fact that to build socialism with Chinese characteristics is the sole correct path is the conclusion drawn by summarizing the positive and negative experiences of socialist construction for scores of years. Had it not been for the CPC that led the people of China to practice this theory and line, the great 15-year accomplishments in reform and opening up would have been impossible. Any deviation from this theory and line would make it impossible for China to grow strong, and prosperity of the people would be out of the question. Third, it is necessary to work hard to improve the ability to lead and govern a socialist market economy. We must earnestly study Comrade Deng Xiaoping's theory of the socialist market economy, work hard to master basic knowledge of it, and improve our ability in assuming overall responsibility for the whole situation under the conditions of a market economy and implementing scientific decision making. And fourth, it is imperative to improve our method of study, widen the way of study, persist in the study style of linking theory

to practice, advocate the combination of book reading, investigation and study, and guidance in work. We must combine book study and learning in practice.

Chen Huanyou (secretary of the Jiangsu Provincial CPC Committee): To arm the whole party with the theory of building socialism with Chinese characteristics as systems engineering, and meticulously organize the theoretical study of leading cadres at and above county levels is the "key project" in theoretical fortification [li lun wu zhuang 3810 6158 2976 5944.] It is imperative to give prominence to doing a good job of two links, namely the party committee central group and party school training on a rotational basis. The provincial party committee propaganda and organizational departments should urge and check the study of central groups, and call timely provincial meetings to exchange experiences in central group studies in order to promote institutionalization and standardization of them. Provincial and city party schools should train leading cadres on a rotational basis in different stages and batches, with all cadres going through training within two years. To do a good job of educating urban and rural grass-roots cadres who are party members is the "basic engineering" in theoretical fortification. It is imperative to persist in doing a good job of winter training of rural party members and cadres, give full play to the role of grass-roots party and political schools for workers and staffers in organizing theoretical education. To educate young people with the theory on building socialism with Chinese characteristics is the "hope project" in theoretical fortification. This theory must be included as the main content in the course of political theory and ideology and morale in all institutes of tertiary and secondary education in various categories province-wide. Provincial party committee work commissions for institutes of tertiary education and provincial educational commissions, as well as provincial party committee propaganda departments, should work together to consider the organization of teaching materials and improving teaching in a comprehensive way. It is imperative to augment theoretical study and propaganda.

Hu Fuguo (secretary of Shanxi Provincial CPC Committee): The key of central group study of party committees at various levels should be given prominence in theoretical fortification, while combining all such linkages as theoretical study, linking to practice, unifying thinking, scientific decision making, summarizing experiences, and promoting work. It is necessary to bring along the studies of other cadres, party members and masses through central group studies at various levels. Party committee central group members at all levels are in leading posts at various levels and in the forefront of modernization, the effects of their ideological level, unification in thinking, correctness in decision making, and honesty in style play a very great role. In grasping study, it is primarily necessary to go a good job in grasping their study. We should pay attention to spreading the provincial party committee central group's practice, namely, determine the special topic for study

based on the key task, provide theoretical and practical materials so that theory and reality might be grasped in a more systematic way to make decisions in a scientific way on this basis, to push practical work. This way, the progress of the central group's study will be converted to one of theoretical mastery, unifying thinking, summarizing experiences, and improving level of decision-making, with results genuinely scored.

Mold People With Lofty Spirit

Li Zemin (secretary of the Zhejiang Provincial CPC Committee): In advocating the social atmosphere of making progress healthily, and solidarity in a harmonious way, it is necessary to take the bringing up of new people with "four have's" as the goal, with education in patriotism, collectivism, and socialism and the 64-character pioneering spirit Comrade Jiang Zemin initiated as cork content; and specific requirements should be set out on different subjects and tiers. Importance should be attached to guiding people, especially teenagers, to establish correct ideals, faith, world outlook, outlook on life, and value concepts, oppose money-worship, hedonism, ultra-individualism to resist the erosion of decadent bourgeois and feudal ideas. In all society, we should bring forward such traditional virtues of the Chinese nation as selfless devotion, doing boldly what is righteous, helping those in poverty and difficulty, and taking pleasure in helping others, while resisting unhealthy tendencies. In rural areas, it is necessary to focus efforts on grasping work in breaking with old customs, and advocating a healthy and helpful life style. We should take enterprise culture as the key, which will bring along the building of villages, towns, campuses, and family culture to mold people's temperament. Communal cultural building should be linked to education in professional ethics and social morals, and the initiating of civilized units, while promoting change for the better of the entire social atmosphere through regional and administrative improvement. Attention should be roused to some negative phenomena which are not helpful in purifying the social atmosphere. Today some restaurants and hotels on the streets have been given such names as "The Rich and Powerful," "Noble House," "The Imperial," and "The Southern Overlord." Similar examples exist on TV, press, and roadside advertisements as well as trademarks of products to various degrees. Such problems should not be slighted, for they play a role in exerting subtle influences on people. The socialist cultural market includes store signboards and advertisements, and they are not allowed to spread decadent ideas of money worship, hedonism, feudalism and colonialism. Regarding those things, party committees and governments as well as propaganda departments should take care of them. Party committees and governments should urge related departments to earnestly weed them out and improve their conditions.

Wang Maolin (secretary of the Hunan Provincial CPC Committee): Regarding propaganda and ideological work, it is necessary to give play to mass enthusiasm in fulfilling all current tasks; from a long-range view, the

fundamental point is to improve people's ideological, ethical, scientific, and cultural qualities to bring up new people characterized by "four haves." It is correct to pay attention to giving play to the role of work in ideological education in pushing economic development; however, by no means should we be careless about the fundamental tasks and long-term goal of bringing up new people characterized by "four haves." It is imperative to adopt effective measures, proceed from the long-range goal, but to start working today, beginning with practical things that are perceptible to continuously acquire gradual results. The Central Propaganda Department has recommended 100 fine films and a series of fine books; propaganda, cultural and educational departments should work in coordination, formulate plans and implement them in every institute of tertiary education, secondary or primary school, and do a good job in organizing activities in reading those books and seeing those film. Based on the characteristics of teenagers and young people, they should formulate goals and tasks for tempering through manual labor and other social activities in various stages from kindergarten to college. In bringing up a generation of new people, it is imperative to do a good job of giving categorized guidance, educate people according to their aptitudes and the characteristics of different age brackets, professions, and cultural tiers. It is necessary to start from basics, from civilized ethics and the way of conducting oneself in society. For example, we may first advocate the concept of "bearing other people in mind," "refraining from causing inconvenience to others," the concept of "the need to help other," "being ready to help others," and eventually "finding it a pleasure to help others." Starting from negating "benefiting oneself at the expense of others," to advocating "putting other people's interest ahead of one's own," and eventually the mind set "without any thought of self" to guide teenagers and young people to gradually set up socialist and communist outlook on life and world outlook.

Chen Zhili (deputy secretary of the Shanghai Municipal CPC Committee): "To mold people with lofty spirit" calls for party committees to do a good job of building spiritual civilization among the masses. We are ready to further unfold activities in "improving citizen quality and the urban civilized level, while placing the focus on bettering images of "showcase units" and urban environment. "Showcase units" means all departments and units that have business to do with residents. Improving the urban environment chiefly refers to purification, afforestation, and beautifying the environment. Improving the image of "showcase units" and the urban environment does not involve too much investment and can be achieved with persistence. Of course, the establishment of a fine image and cultivation of an atmosphere are far more difficult than growing a forest, and the difficulty lies precisely in fighting the habitual force of thousands upon thousands of people. In the past, we chiefly relied on education and unfolding activities in pursuing competition through comparison and assessment. This played a certain role, but could not resolve

problems of the general public. This year, we shall adopt various measures, especially by deepening reform in internal managerial systems to shape a competition mechanism characterized by a system of impartial rewards and penalties. The focus of activities of comparison and assessment in building spiritual civilization this year is placed on "show case units"; common efforts should be exerted to help improve the image of Shanghai as one "showcase unit." "Showcase units" of various trades and professions should start from work in their own units, augment building of professional ethics, rules, regulations and institutions, and basic training in personnel. This way, the building of spiritual civilization will be elevated to a new plane. In May this year, we will mark the 45th anniversary of the liberation of Shanghai, and next October, the 45th anniversary of the founding of the PRC. It is necessary for us to make use of this opportunity to start an upsurge in making contributions to the two anniversaries with first-rate products, efficiency, service and environment across the city.

Guide People With Correct Public Opinion

Jiang Chunyun (Central Political Bureau Member, secretary of the Shandong Provincial CPC Committee): The orientation of public opinion is vitally important. Leading cadres of party committees, propaganda departments and press units must do a good job of grasping work in public opinion with a strong sense of responsibility. Shandong boasts 113 radio broadcast stations, 54 TV broadcast stations, 18 publishing houses, 71 newspapers in open circulation, and 205 journals. This vast news and public opinion front must be under the party's firm control. News, public opinion, and propaganda must resolutely implement the basic party line, persist in the principles of unity, stability, and going all out with positive propaganda in the main, while doing a good job of protecting the enthusiasm of the people and all sides. It is necessary to create a sound opinion environment for reform, development, and stability. It is imperative to be strict with propaganda discipline, pay attention to propaganda art, and do a good job of controlling the "appropriateness" of propaganda. It is necessary to blaze new trails while refraining from arbitrarily advocating slogans.

The propaganda of the party's theory, line, principles, policies, and important decisions must be comprehensive and accurate, and oneness must be guarded against. The ways, angles and foci of various periods may be different, but the most fundamental things must not be changed. We must persistently lead the people to march toward the goal of orientation set by the party.

In 1994, the greatest number of various reform measures are to be presented, with a comparatively great range in the readjustment of interest relations between all sides. Generally, people support these reform measures. However, they are not free of problems in ideological understanding. There are still all sorts of anxieties in the minds of cadres and masses and resistance as well. This precisely calls on us to augment propaganda and ideological

work, enlighten and educate cadres and the masses to have a clear idea of reform's great significance, correctly deal with the readjustment of interest relations, and do a good job of resolving anxieties and contradictions, harmonizing relations, and ironing out sentiments.

We must be enthusiastic and take the initiative in our own hands in propaganda and ideological work, which must be done in depth, in a down-to-earth and effective way. It is necessary to apply to all sorts of means and ways of news media in discussing the basic contents of reform, requirements, principles, and policies with the masses, while clearly explaining to them how we should view problems and contradictions surfacing in reform. Regarding those hot spots and points in doubt of universal concern among the masses, they should be given convincing correct guidance and answers.

Li Changchun (secretary of the Henan Provincial CPC Committee): It is imperative to correctly control the orientation of public opinion. First, it is necessary to persist in the principle of unity, stability, going all out, and taking positive propaganda as the key, to promote the whole province to shape a greater climate of doing business and pioneering work. While inspecting Henan in early 1991, General Secretary Jiang personally wrote an inscription: "Unite to make progress, reinvigorate Henan." Henan has undergone some changes over the past few years. First, a situation of "uniting to make progress, and reinvigorate Henan" has initially taken shape. Through the press, radio and television broadcast stations, we organized a discussion on "emancipating the mind" on a wide scope, propaganda activities in learning from Linxian (now Linzhou City) people their hard-working pioneering spirit, from the heroic feats of Lei Feng-style fine young man Zhang Huaili, and model communist Xu Honggang; all this scored very good social effects [she hui xiao guo 4357 2585 2400 2654]. It is necessary to take positive propaganda as the key, mainly to propagate the spiritual feature of Henan people and their determination the change their state of impoverishment and backwardness in the new tide of reform and opening up. Second, it is necessary to strictly abide by the party's propaganda discipline. At the National Conference on Propaganda and Ideological Work, central leading comrades have all set very high hope and explicit requirements on public opinion, and propaganda work.

We must maintain a high level of unanimity with the Central Committee ideologically and politically, accurately propagate the party theory, line, principles, and policies in their integrity, and render satisfactory service to the smooth implementation of the work arrangements of the party and government. And third, it is necessary to have a grasp of the overall situation, and improve our work level. Party committees and governments at all levels, together with comrades of news and propaganda departments should study the work focus and requirements of news and propaganda work of a certain period and communicate with each other about the situation.

News brief meetings are a good way to do this, and should be summarized, made complete and perfect, and adhered to as a system.

Jia Qinglin (secretary of the Fujian Provincial CPC Committee): Propaganda departments should do a good job of strictly controlling the orientation of public opinion. It is imperative to be persistent in propaganda in depth in such areas as the party basic line, economic construction, party building, socialist spiritual civilization, building of democracy and the legal system, the fight against corruption, and advocating clean government. It is imperative to correctly handle the relationship between invigorating public opinion and control over orientation. The invigoration of public opinion is indispensable; however, a good job must be done in controlling its orientation. In propagating and covering comparatively sensitive issues, it is necessary to control appropriateness, with attention paid to the "extent" in propaganda, while guarding against consequential negative effects and loss in work. It is imperative to observe propaganda discipline. We must adhere to the basic principle of unity, stability, and going all out in propagating the decisions of the Central Committee and State Council and important measures of the provincial party committee and government, while covering the reflections of reform by various sides on reform with positive reports in the main. It is necessary to advocate with great efforts the style of doing substantial work, telling the truth, going all out, and seeking genuine effects.

In short, propaganda departments should closely link with the actual conditions of Fujian's economic construction, reform, and opening up, consciously be subject to serving the overall situation, and work hard to meet the needs of socialist market economic development, while giving play to their due role in seizing opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability.

Inspire People with Fine Works

Guan Guangfu (secretary of the Hubei Provincial CPC Committee): To augment cultural construction, first it is necessary to grasp the choicest works and best products. Presently, it is especially necessary to tackle teleplays with superior force and present a blockbuster that can most reflect Hubei's characteristics to brace up its people's spirit, by sparing no money and recruiting the cream of playwrights, directors, actors and actresses to have it completed within this year. Second, it is necessary to give prominence to Hubei's characteristics to gradually shape a pattern of cultural development that falls in line with Hubei's economic construction. Hubei was the origin of the Chu culture and the Jin-Chu culture, Ba-Chu Culture, the Culture of the Three Kingdoms, as well as the later historical culture, including the culture of the Revolution of 1911 and the old revolutionary base areas in modern history; all these has sharp characteristics. We must bring forward these fine cultures, while formulating plans and measures for development, sorting out, and elevation, so that they may

become more interesting and helpful by mutual reflection with Hubei's comprehensive economic reinvigoration. And third, it is necessary to do a good job of the combination and optimization of the productive forces of various departments, including theory, culture, news, publications and external propaganda. We should do a good job of organizing various "facades" of the ideological and propaganda front according to each of its characteristics, and shape them into more effective resultant forces. At the same time, we should give full play to the enthusiasm of the individuals of theoretical, art and literature, news, and publication workers, and show respect for the characteristics and laws governing the production of spiritual products. While focusing our chief efforts on promoting culture and art, it is necessary to earnestly do a good job of "wiping out pornography," and "crackdown on illegal publications" [da fei 2092 7226] activities, while doing a good job of the macroscopic regulation and control in public opinion in this arena. It is necessary to grasp the changes in public opinion and sequential development in social ideological trends, to understand and grasp basic concepts, representative works, trends of development, and evolution of various theoretical and artistic schools, while providing conditions for theorists, writers, artists and press workers to go deep into life and realities to augment the internal solidarity of the intelligentsia and between the intelligentsia and other social strata.

Xie Shijie (secretary of the Sichuan Provincial CPC Committee): To promote culture and art, it is imperative to do a good job of resolving relations between the main theme and variations, between social effects [she hui xiao yi 4357 2585 2400 4235] and economic returns, and to strengthen leadership and control over the cultural market. The main purpose of promoting the socialist cultural market is to bring forth the main theme so that spiritual products may conform to people's interests, promote social progress, and continuously meet people's ever-growing demands on spiritual culture. It is necessary to exert efforts to do a good job of organizing the production of spiritual products reflecting the main themes; at the same time, attention should be paid to variation to meet the mass demand of spiritual culture on various tiers. Under the condition of the socialist market economy, most spiritual products will enter the market.

However, the production and operation of spiritual products have peculiar qualities of their own which are different from material products; it is imperative to place social effects above all else. Under this prerequisite, we should work hard to realize unification of economic effects and social returns. When contradictions between economic effects and social returns surface, we must consciously make economic returns subject to the latter. Individuals and departments engaged in the production of spiritual products must have a lofty sense of responsibility and mission; they should establish sound professional ethics. By no means should they forget all moral principles at the sight of profits, while

showing no consideration for the social effects of their products. We should not believe that in pursuing the market economy, all things on the market are permissible. On the one hand, spiritual products call for a market; on the other, those spiritual products poisoning people's minds must be resolutely banned; by no means should we allow them to spread unchecked. To strengthen control of the cultural market, we should focus on the press, audio and video products, and sites for amusement and entertainment. We must do a good job of the links of production and circulation, resolutely ban illegal publications, crack down on all sorts of activities in producing publications, audio and video products that spread reactionary and pornographic content. We must resolutely ban gambling and whatever forms of sex service; by no means should we allow some low-taste, vulgar, and pornographic things to deteriorate our social atmosphere and poison our teenagers. We must resolutely wipe out publications that run counter to the party's nationality and religious policies and jeopardize nationality solidarity, as well as those publications that have serious political mistakes and leak out party and state secrets, and their cases must be sternly investigated and handled according to the law. We must strengthen control over the market of the performing art, while formulating measures for solutions to existing problems.

Cheng Weigao (secretary of the Hebei Provincial CPC Committee): In promoting socialist culture, it is imperative to pay attention to doing a good job of grasping the three keys, namely, creation of the choicest works of literature and art, mass cultural activities, and control over the cultural market. Various cities, prefectures, and departments of culture and art directly under the jurisdiction of the provincial authorities should formulate plans for the creation and production of the choicest works of literature and art, while earnestly organizing their implementation. Regarding those spiritual products with great effects at home and overseas, the provincial party committee and government will reward them with great prizes. We must be strongly determined to improve the confusion in the control over the cultural market with great efforts. Party committees and government at all levels must unify their understanding on this issue; they must be resolute in attitude, strict in control, and stern in law enforcement. We must iron out the administrative structure of the cultural market, rapidly change the situation by which there are hurdles in the structure, ambiguity in functions, and ineffectiveness in work. Party committee propaganda departments should play the role of coordination, whereas cultural, broadcasting, and press departments should each take up their own responsibilities with the active cooperation of judicial and law-enforcing department to do a good job of controlling the cultural market by joint efforts. It is imperative to include "wiping out pornography," "crackdown on illegal publications," consolidating the cultural market in the plan for comprehensive improvement of social order, and implementing the responsibility system. Should a major problem surface

any place, the responsibility of the party and government leadership, as well as the responsible departments of the trade there, will be investigated and affixed. Regarding any law-breaking behavior, the case must be severely handled and penalized according to the law.

1989 CASS Poll Shows Party-People 'Divorce'

HK3006103094 Hong Kong AFP in English 0705 GMT 30 Jun 94

[By Philippe Massonnet]

[Text] Beijing, June 30 (AFP)—Five years after the Tiananmen Square massacre, China's Academy of Social Sciences [CASS] has published for the first time results of a 1989 survey clearly illustrating the political divorce between the Chinese people and the communist party. The survey of 2,200 people in 13 towns and villages just before the democracy movement erupted, was published under the title "Study of the political consciousness of Chinese Citizens." It showed that only 46.7 percent of Chinese thought politics were a "good thing." A total of 65.9 percent considered the aim politics to satisfy the people's needs, but 20.9 percent looked on politics as a "power struggle involving a minority of individuals." Asked whether they thought the public had the power to influence government policy, on issues such as inflation, 32.9 percent said no, 42.1 percent did not know and only 19.7 percent responded positively.

The Chinese feel so little involved because there is a lack of political openness with many people believing their involvement in public affairs serves no purpose, said the survey, directed by Zhang Mingshu, a researcher in political science at the Academy. It noted, in contrast, that two thirds of people in western countries believed they could influence governments when they were unhappy with decisions.

For most Chinese, participation in political life means discussions in the work place. But 7.2 percent say they were ready to organise independently, 2.8 percent were prepared to write to the country's leaders and 3.1 percent to demonstrate publicly.

The people's inability to change things peacefully is underlined in the poll by a question about corruption. More than two thirds of people questioned said they were "revolted" by first-hand experience of corruption involving cadres. But they do nothing about it. These responses are even more interesting considering that China, early in 1989, began its umpteenth national crackdown on corruption, political observers noted. Corruption and inflation were two of the main themes which later mobilized millions of people throughout the country against the government—a movement which shook the communist regime to its foundations before it sent in troops to crush the democracy movement on June 3 and 4, 1989.

Proof that the Chinese want to see democratisation of a regime which still refuses to undertake political reform

came from 61.9 percent of those polled who wanted China administered by "men and law." Only 9.3 percent were ready to accept man's absolute power while 21.4 percent said they "preferred law to men."

State Council Issues Decree on Company Registration

OW3006092594 Beijing XINHUA Domestic Service in Chinese 0256 GMT 29 Jun 94

[Text] Beijing, 29 Jun (XINHUA)—PRC State Council Decree, No. 156

The "PRC Regulations for the Management of Company Registration" are now promulgated. They will become effective on 1 July 1994.

[Signed] Premier Li Peng

[Dated] 24 June 1994

XINHUA Discusses Regulations

OW3006092494 Beijing XINHUA Domestic Service in Chinese 0242 GMT 29 Jun 94

[Text] Beijing, 29 Jun (XINHUA)—Premier Li Peng recently signed the State Council Decree No. 156 to promulgate the "PRC Regulations for the Management of Company Registration" which will become effective on 1 July 1994.

The general principles of the "regulations" provide: All limited liability and shareholding companies shall register according to regulations when they establish, change, and terminate their operations. A company may not have the credentials of a legal entity until its registration has been approved by a company registration office and given an "operating license for business legal entity." A company established on the day these regulations become effective—but whose registration has not been approved by company registration office—may not operate in the name of a company.

The general principles of the "regulations" also provide: Industrial and commercial administrations are authorities in charge of company registration; lower-level registration offices operate under the leadership of higher-level registration offices; company registration offices shall discharge their responsibilities according to law and are subjected to illegal intervention; and the State Industrial and Commercial Administration is in charge of company registration throughout the country.

The "regulations" have 76 articles in 12 chapters.

Environmental Protection Industry Grows

*OW3006015594 Beijing XINHUA in English 0054
GMT 30 Jun 94*

[Text] Tianjin, June 30 (XINHUA)—With the increase of investment in environmental protection, China's environmental protection industry has seen rapid growth in recent decade.

In the Seventh Five-Year Plan period (1986-90), China's investment in environmental protection amounted to 55 billion yuan and in the Eighth Five-Year Plan period (1991-95), the investment will reach 80 billion.

According to the State Bureau of Environmental Protection, there are now more than 5,000 enterprises with 460,000 employees engaged in research and production in environmental protection.

The annual growth rate of the number of enterprises is about 20 percent.

In recent years, these enterprises have begun to develop and make dust removing and sewage processing equipment.

Last year, the output value of the enterprises was more than 10 billion yuan.

Some of the equipment and technologies in environmental protection have been exported to about 30 countries and areas in the world. Annual export value is about 100 million U.S. dollars.

In the past two years, China had set up two environmental protection industrial bases. One is Jiangsu Province's Yixing Environmental Protection Scientific and Technological Park, whose annual output value reached 3 billion yuan.

The other is the Tianjin Jinnan Environmental Protection Industrial Base, which has developed more than 100 kinds of products.

Military

Commentator Discusses on Propagating 'Exemplary Cases'

*HK2906152194 Beijing JIEFANGJUN BAO in Chinese
24 Jun 94 p 1*

[Commentator's article: "Second Half of Article on Giving Publicity to Exemplary Experiences—Third Discussion on Putting Things Into Practice"]

[Text] Since early this year, units throughout the Army have conscientiously carried out the instructions of the Central Military Commission and the General Political Department of paying serious attention to guiding work with exemplary cases and have scored outstanding results, which has contributed much toward lifting troop morale and displaying the spirit of modern soldiers to the whole society. The task now facing us is: On the one

hand, we must continue to keep up and develop a good momentum of propagating exemplary cases; on the other hand, we must make efforts to popularize the advanced substance of exemplary cases to ensure that units implement their various missions.

Highlighting exemplary cases and using them as examples to illustrate the general direction for the rest of us have always been methods for the party and the Army, which have proved highly effective. What are exemplary cases? They are the embodiment of the spirit of the times and a concrete image of the party's theory, line, principle, and policy. The purpose of highlighting exemplary cases is to promote the task in hand through the demonstration and suggestiveness of exemplary cases and thus widen their effects. This is precisely what Comrade Mao Zedong repeatedly stressed as individualizing a general truth and generalizing individual cases, or the process of individual points making up an area and an area led and highlighted by individual points. There is a maxim which says: "It is the full blossoming of various flowers, not a single one, that signals the arrival of the spring." Discovering, fostering, and building up an exemplary case is certainly very important, but its value will be limited if no effort is made to give it enough exposure. If the building up and propagating of an exemplary case is likened to the first half of an article, then guiding tasks with exemplary experiences is the second half of it. In a certain sense, tackling the second half is even harder and more important than the first half. Therefore, in appraising the performance of a unit in highlighting exemplary cases, it is necessary to see how many exemplary cases it has tackled as well as how successful it has popularized them and widened their effects to the full extent. The exemplary cases we choose to work with must be "well known" and we must make more efforts at popularization.

To tackle well the second half of the article, first we must correct the guiding thought for work. In working with highlighting exemplary cases, we must focus on putting various missions into practice. Merely collecting the exemplary cases does not serve as an indicator of the performance of a unit or as a "display window" to satisfy inspections and evaluation, or as a good-will "asset." Why is it that with some units there are "record harvests at representative points but not so in the rest of the area?" One important reason is that the guiding thought for highlighting exemplary cases erred in defining the job mission as no more than giving publicity to exemplary cases. In fact, we should take working with exemplary cases as a key move in the overall approach of setting the whole field into motion by highlighting an individual breakthrough. We will pay attention to fostering and building up exemplary cases as well as popularizing them, making sure that the "scent of the flowers wafts within and without the garden wall" and turns the experience gained at individual points of breakthrough into the common heritage of everyone. This will effectively promote the implementation of tasks in troop units and improve the general level of pursuit.

In tackling the second half of the article, that is highlighting exemplary cases, we must pay attention to the following fact: Exemplary cases are born among the masses. Popularizing exemplary experiences, therefore, should meet the needs of individual troop units. The experience should be popularized within one's unit before extending it. Promoting the implementation of the task of highlighting exemplary cases cannot be done mechanically; it must be organically combined with the practical conditions of each unit. Each individual unit will approach the study of exemplary cases with their own problems in mind and with different emphases and accentuations. They can neither refuse to accept an exemplary case by pleading a unique situation nor copy it mechanically and in disregard of the unit's practical conditions. The correct way should be to appreciate the spirit of an exemplary case and find a proper "point of integration" from among one's own practices so that the advanced experience can really take root in one's unit.

In tackling well the second half of the article, that is highlighting exemplary cases, party committees and government organs must be willing to make great efforts in turning typical experiences into popular practices and the advanced deeds of heroic figures into common behavior among the masses. Such a transformation is not easy and requires serious analysis and study of exemplary cases and painstaking probes to identify the real situation. There is much deployment, organization, and guidance-setting work to be done in drafting individual methods and maintaining regular inspections and supervision in the job of popularization. Party committees and government organs at all levels must make joint effort, really work well in building up exemplary cases, and open up further still a new dimension of the "full blossoming of all flowers in the garden of spring!"

Lanzhou Military Region Holds Meeting on Militia Reserve

OW3006103794 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 28 Jun 94

[From the "Xinjiang News" program]

[Text] A meeting called by the Lanzhou Military Region to discuss militia reserve service ended in Urumqi yesterday after five days.

General Liu Jingsong and General Cao Pengsheng, respectively commander and political commissar of the Lanzhou Military Region; Abulaiti Abudurexiti, chairman of the Xinjiang Regional Government; and Chen Chao, Fu Bingyao, Jin Yunhui, and other leaders of the Lanzhou Military Region, the Xinjiang Military District, and the Xinjiang Production and Construction Corps attended the closing session.

The meeting studied ways and means to implement the Central Military Commission's strategic policies for the new period, and to strengthen and improve militia reserve service under conditions of the socialist market

economy; as well as future priorities [video shows close-ups of General Liu Jingsong examining some suitcases placed neatly on a multi-tiered shelf, and medium close-ups of him and General Cao Pengsheng inspecting a room with several rows of unidentifiable furniture built with white boards]

Speaking at the closing session, General Liu Jingsong said: Because of the higher authorities' correct leadership, northwest China's five provinces and regions have remarkably accomplished a great deal of work relevant to militia reserve service. Moreover, thanks to the efforts of military and local civilian departments, militia organizations have become better and stronger; militia reservists' political work and military training have been strengthened; they have also become more competent militarily; and they have contributed positively to material and spiritual constructions, to maintaining social stability, and to strengthening border defense [video shows medium shots of the generals stepping from a building; on the wall of the building are red-colored characters which read: "No. 143 Regiment of the Eighth Agricultural Division, Militia Road Maintenance Detachment"; and medium close-ups of the generals inspecting some military equipment]

General Cao Pengsheng said: Proceeding from the actual situation in northwest China, party committees of all military districts should earnestly study and address the new situations and new problems arising from militia reserve service, keep firmly in mind that we have to consider the needs of both economic construction and defense, and follow through with all measures for improving the militia reserve service.

Economic & Agricultural

Official Views Anti-Inflation Measures

HK2906161194 Beijing JINGJI RIBAO in Chinese 14
Jun 94 p 1

[Interview with Zou Xiangqun, deputy secretary general of the State Planning Commission, by Yang Guomin (2799 0949 3046); place and date not given: "Although the Price Increase Trend Is Gradually Easing, Regulation and Control Must Not Be Slackened—Interview With Zou Xiangqun, Deputy Secretary General of the State Planning Commission"]

[Text] Zou Xianqun, deputy secretary general of the State Planning Commission, answered questions on the prices issue, which is of universal concern, in an interview with this Yang not long ago.

[Yang] From the very beginning of this year, the price issue has been a "hot spot" of concern throughout society. Could you please first say something about the current general situation with prices?

[Zou] Because of the gradual implementation of various important measures for reform and augmenting macroeconomic regulation and control, the strong inflation momentum in China has gradually weakened, and the rate of price rises has been dropping since March this year. According to statistics, the general consumer goods price level went up by 20.2 percent over the same period last year, and the rate dropped by 0.4 percentage points from February. The general retail price level went up by 19.5 percent over the same period last year, with the rate dropping by 0.7 percentage points from March. In April, the general level of retail prices in 35 large and medium-sized cities rose by 19.7 percent over the same period last year, and the rate dropped by 1.2 percentage points from March. Based on an analysis of changes in the consumer goods price index, the rate of rises in various categories of commodity prices in April dropped from March, with the exception of clothing, of which foodstuffs, household equipment, medical treatment and health care, transportation and telecommunications apparatus, articles for amusement, education and culture, housing, and services dropped by 2.4, 0.5, 1.2, 1.5, 0.9, 3.2, 2, and 0.4 percentage points respectively. According to monitoring by the Beijing Municipal Price Administration, prices of 47 types of goods rose in April, accounting for 10.5 percent, while prices of 27 items of goods fell, accounting for 6 percent. This shows that the effects of the state's price monitoring of people's daily necessities, the requirement for explicit price tags, and unfolding price checks on a wide scale are beginning to make themselves felt.

A forecast based on the situation of macroeconomic development today shows that the momentum of the general level of prices will continue to ease in China, and the rate of price rises will shrink further in the second half of the year.

[Yang] This is precisely a matter of universal concern. Could you tell us what are the grounds for such forecasts?

[Zou] The chief grounds of our aforementioned judgment are namely: First, the upward effects of the price hikes in 1993 will gradually reduce. China's general price level in 1993 started to take an upward momentum month by month, and reached a peak in December. Because of such a rising pattern of prices, as well as measures for the readjustment of prices for power and railway freight transportation and the lifting of control on steel products, coal, and grain, which were mostly presented in the second half of 1993, fluctuations in the price of grain and oil surfaced in the last quarter of the year, resulting in a comparatively great upward effect on price hikes this year. The effects of this will gradually be reduced with the passage of time, at least, they will be markedly cut back in the last quarter of this year, then gradually disappear.

Second, the macroeconomic climate is improving. Presently, overall national economic operations are gradually developing in the direction required by macroeconomic regulation and control, the economic growth rate is

maintaining a momentum of comparatively fast development with a steady reduction, the monetary situation is stable, and there has been comparative growth in banknotes recovered, people's savings deposits, and financial revenues over the same period last year. Because of strengthened control over lending for investment in fixed assets, the growth rate of investment in this area has continues to fall. The improvement in the macroeconomic climate has created important economic conditions for halting inflation.

Third, supply of important commodities is turning for the better. Presently the general demand and supply of commodities on the domestic market is balanced. What has been affected most by price hikes is food, especially goods for the "vegetable shopping basket." Because of the implementation and enforcement of a series of policies and measures adopted by the Central Committee and the State Council for strengthening agricultural production and the "vegetable shopping basket" project, the area planted with grains will largely maintain the 1993 level, and the area planted with rape seed will increase by approximately 8 million mu from 1993. That has laid a foundation for steady growth in grain and oil output. With the arrival of the busy season for vegetable production, supply of goods for the "vegetable shopping basket" will increase, and the rate of price rises will continue to shrink. The general vegetable price level in March this year rose by 39.6 percent over the same period last year, a drop in the rate of 10.2 percentage points from February; it rose by 28.9 percent in April, a drop of 10.7 percentage points from March.

And fourth, the momentum of arbitrarily raising prices and charges has begun to be halted. Through such measures as checking prices on a wide scale and implementing grain risk funds, monitoring prices and requiring explicit price tags on goods, the phenomenon of letting things drift regarding market prices has been gradually corrected.

Presently, various provinces, autonomous regions, and municipalities have all formulated specific measures for monitoring and supervising prices of people's daily necessities. Based on the State Council's unified arrangements, various places have universally unfolded price checks on a wide scale and have standardized the market price order through checking on a wide scale and implementing control measures, while promoting enterprises to strengthen their self-control mechanism and play a role in checking arbitrary behavior in raising prices and charges.

Through synthesis and analysis of the macroeconomic situation in the aforementioned four aspects, we forecast that from now on, the rising momentum of the national general price level will gradually ease. This is the general trend. However, the present price level is comparatively high, and it will take some time for macroeconomic regulation and control to become fully effective. It is estimated that the trend of commodity prices will continue to stay at a comparatively high level from now on,

and it will take on a trend of a gradual drop from a comparatively high level, while a short-term rebound in the price of some individual goods may surface.

[Yang] Since June 1993, the Central Committee and the State Council have adopted a series of measures one after another for augmenting macroeconomic regulation and control and market price control to halt inflation. These measures have played an important role in controlling excessive price hikes. What measures do you think should be taken in the next step of price regulation and control?

[Zou] Presently, we must resolutely continue implementing the various measures of regulation and control that have already been presented and do a good job of grasping the following key points:

First, it is necessary to do a good job of grasping agricultural production and work hard to realize an increase in grain and cotton output for the year. Great efforts must be exerted to do a good job with major farm produce including grains, cotton, and oil, as well as the "vegetable shopping basket" project; ensure the area planted with crops, give agriculture financial support, and guarantee the provision of funds to support agriculture; do a good job of supplying agricultural production materials, keep their prices under control, and go all out to strive for a good harvest to increase effective market supply.

Second, it is necessary to strictly control the scale of investment in fixed assets and to control excessive growth in consumption funds. Regarding investment in fixed assets, no deviation should be made from the general scope of the annual plan. The investment setup should be optimized to ensure national key projects, and new projects should be kept under strict control. It is necessary to firmly control bank lending and strictly forbid other outlets beyond the scope of lending for fixed assets set by the state.

Third, it is necessary to continue to strengthen administration of price regulation and control and to maintain stable prices for people's daily necessities. Grain risk funds and nonstaple food price regulatory funds should be set up as quickly as possible along with the system of major commodities reserve, while applying economic means to conduct regulation in purchase and marketing to ensure supply and stabilize prices. And,

Fourth, it is necessary to do a still better job of price checks on a wide scale to halt law-breaking behavior related to prices. In the next step, prominence should be given to prices of key commodities and service charges to continue to do a good job of price checks on a wide scale and should strive to score phased results in June and July. Through widespread price checks, we will push the implementation of various measures of price regulation and control and standardize market price behavior so that the rate of price rises will continue to lessen somewhat.

BOC Says Reforms Move Economy Back on Right Track

HK3006102894 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 30 Jun 94 p 4

[By Christine Chan]

[Text] Reform programmes imposed by the Chinese Government in the first half of this year have moved the economy back on the right track, a Bank of China report says.

The bank's quarterly report released yesterday said the government had brought high inflation under control. Inflation had become the country's major concern.

The bank said China's gross national product had slowed to the current reasonable level; industrial growth recorded in the first half was also satisfactory.

It said the reform programmes carried out in the financial, taxation and currency sectors had gone smoothly.

Investment growth had been kept under stringent control, the bank said, with state investment down by 30 per cent in the first five months of this year.

The bank said the country's financial system was now in good order, with the total bank deposits continuing to increase.

For the first five months, bank deposits had increased by 150 billion yuan (about HK\$133.5 billion), the report said.

Banks had also recalled their loans released early this year, the report said, and capping investment growth had enabled the country's financial sector to run in an orderly manner.

On the foreign investment front, the report said about 20,000 new investment projects had been committed by investors so far this year.

Despite the seemingly smooth Chinese economy, the bank said hidden problems existed in several areas.

Although the soaring commodities prices in cities were controllable, the upward spiral in prices in the rural area still remained strong.

The bank said the low-income population would be hard hit by rising prices because they affected essentials.

Based on the economy's performance in the first half, the bank forecast the country's economy to grow by 12 percent for the whole year.

The bank also anticipated that the existing reform programmes would be further improved and that state enterprises would see a more rapid reform process.

Rules To Halt Arbitrary Exaction of Fees

HK2906134994 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0559 GMT 17 Jun 94

[Text] Beijing, 17 Jun (ZHONGGUO TONGXUN SHE)—Figures here have disclosed that the "Regulations on Halting the Arbitrary Exaction of Charges From Enterprises"—jointly drafted by the State Economic and Trade Commission, the Ministry of Finance, the Ministry of Supervision, and the Auditing Department—will be promulgated very soon for implementation after soliciting the opinions of various fields.

Exaction of charges from enterprises has become a new social vice in mainland China's economic life. There are specific provisions in the regulations to halt this practice. First, during the art, lantern, flower, and fruit festivals and during all forms of games held by various localities, it is prohibited to forcibly collect financial or human resources from enterprises for activities having nothing to do with enterprises. Second, the collection of donations and sponsorship from enterprises for art performances, games, and the shooting of films and television series must be limited. Third, administrative organs and competent departments are not allowed to exact charges from enterprises under any excuse, such as "borrowing money" or collecting service, information, propaganda, or testing charges.

The regulations also reiterate that the state administrative organs and competent departments at all levels, as well as all kinds of social organizations are not allowed to apply administrative means to force enterprises to subscribe to newspapers, magazines, and books.

Decree To Prevent Mismanagement of State Property

HK3006093294 Beijing CHINA DAILY in English 30 Jun 94 p 1

[By Sun Shangwu: "Monitors To Assess State Firms"]

[Text] The central government will soon issue a decree that aims to prevent the mismanagement of the State's \$352 billion in property, a senior economic policy official said yesterday.

The decree stipulates that State property is still owned by the Chinese people and the entire nation, while the State Council is the sole representative of national ownership.

The total volume of State property reached 3,070 billion yuan (\$352 billion) by the end of 1992. Yet some of the value has been lost as local governments rush to promote business interests by improperly selling off State land and equipment to firms, including joint ventures.

The national edict, which aims to stem the losses, designates governments at different levels to oversee the State property, said Sun Yanhu, chief of the Department of Policy and Regulation under the State Commission for Restructuring the Economic System (SCRES).

They will be in charge of assessing the value of all State property, and registering it with the central government.

Central government departments will monitor State property in enterprises falling under their jurisdiction.

Local governments also can draft detailed regulations in the light of their conditions to monitor State property in local enterprises.

These government departments will supervise the performance of State assets by sending monitoring groups to the enterprises, according to Sun.

These monitors will consist of entrepreneurs, bankers and lawyers.

"The missions of these groups are to check the financial reports of those enterprises, which must be approved by managers of enterprises or verified by qualified accountant offices," said Sun.

The government hopes this will inspire these enterprises to improve efficiency and increase the value of State property.

Monitors will also evaluate the work performance of enterprise chiefs.

Based on these evaluations, the monitors will ask the State to promote or punish these enterprise managers.

"But these monitoring groups are not empowered to interfere in the management and administration of these enterprises," Sun added.

He said this decree—drafted by SCRES, the State Economic and Trade Commission and the National Administrative Bureau of State-owned Property—is expected to be promulgated shortly.

"The decree would signal a comprehensive start of the reform of State property management system nationwide," Sun said.

It is designed to guarantee the smooth development of property right reform, according to Sun.

First Arbitration Law Expected by End of 1994

HK3006093694 Beijing CHINA DAILY in English 29 Jun 94 p 4

[By Cai Hong: "New Law To Standardize Commercial Arbitration"]

[Text] China's first arbitration law is expected to be passed at the end of this year, according to an official from the China International Economic and Trade Arbitration Centre (Cietac).

"The timetable is subject to change as a new law depends on ratification of the National People's Congress, said Cheng Dejun, vice-chairman of Cietac and a participant of the International Commercial Arbitration Conference held in Beijing last week.

The law will make commercial arbitration practices in China more compatible with international rules.

According to Cheng, experts and advisers are preparing for the new law by soliciting opinions and suggestions from academics and government departments at all levels.

Commercial arbitration is not new to China. A foreign trade arbitration sub-commission was set up in 1954 which was affiliated to the non-governmental China Council for the Promotion of International Trade (CCPIT) in a move to solve disputes between Chinese foreign trade corporations and overseas companies.

Since then, arbitration has been written into 14 national laws, 82 administrative regulations and 190 local decrees.

However, because there is no comprehensive arbitration law in the nation, arbitration norms and practices in China are sometimes different from international rules," Cheng said.

Domestic arbitration offices for economic contracts, for example, are affiliated to the nation's industry and commerce administrations. And regulations for technology contracts and copyright arbitration vary. Cheng estimated that there are 100 real estate arbitration offices throughout the country.

Reforms and the opening-up policy have stimulated the interest of an increasing number of Chinese government departments in commercial arbitration. As a result, Cheng said, the county-level government departments in some localities have started arbitration practices.

Nowadays, official and non-governmental arbitration offices live side-by-side in China. The arbitration practices by government departments sometimes mirror authorities' intervention, and are not compatible with international codes.

As early as 1991, some Chinese experts realized that it was time to work out a comprehensive arbitration law which would standardize arbitration practices in China.

China will not follow the lead of countries which have different laws for domestic and foreign commercial arbitration. In Cheng's opinion, one law can cater for both domestic and foreign arbitration in China. A further paragraph may be added for foreign arbitration if necessary.

Since the beginning of June, the country has implemented a new arbitration code for international business disputes, and this is expected to bring the country closer to international practices.

"The new doctrine, which allows a choice of languages and arbitrators, has already paved the way for the new law," Cheng said.

In recent years China has become a major international arbitration centre.

It handled 217 international commercial disputes in 1991. The figure more than doubled in 1993. And in the past five months, the country has taken on more than 200 cases.

In addition to this, China has opened its commercial arbitration sector to foreigners. Thirty per cent of the 290 arbitrators of Cietac come from 22 countries and regions.

"This in itself indicates that the arbitration practice in the nation is moving nearer to the international standards," Cheng added.

International disputes over commodity or equipment trading contracts usually make up 40 to 50 percent of the commercial arbitration cases in China.

According to Xu Dayou, another vice-chairman of CCPIT, there has been a rise in the number of cases involving disputes in Sino-foreign joint ventures and co-operative firms and over real estate.

China signed the 1958 New York Convention in 1987 which ensures that arbitration awards decided in China will be enforced in all member countries.

"China is new to the convention and there are problems in China," said a conference participant from Sweden.

But he is confident that these problems can be solved.

NPC Bill To Control Land Sales in Cities

HK3006071594 Beijing CHINA DAILY in English 29 Jun 94 p 1

[By Ma Chenguang: "NPC Bill To Cool Down Land Deals in Big Cities"]

[Text] The central government is putting a lid on the amount of State land sold or leased by cities to real estate developers, a senior Chinese legislator said yesterday.

Land sales will be spelled out in annual official plans and must be ratified by the State Council or the provincial government, said Xiang Chunyi, Vice-Chairman of the Legal Affairs Committee of the National People's Congress [NPC].

The NPC hopes this will slow the teeming real estate sector to a healthy growth level, curbing massive over-development in cities.

The NPC, however, will not force all land sales to go through auctions or public bidding, Xiang said at the opening of the eighth session of the NPC Standing Committee.

Xiang said in his explanation of the draft 'Urban Real Estate Management Law' that the sales can still be completed with a negotiated lease.

In China, Xiang said, auctions and public bidding account for less than 1 percent of land sales.

Legislators say this draft bill, which was analyzed at the last NPC Standing Committee meeting, will be adopted at this session.

During this eight-day session, lawmakers will review seven draft bills and a border treaty with Laos.

Besides the real estate law, two other bills—a labour law and tough penalties against copyright violations—also await approval.

According to Xiang, the real estate law will not spell out a maximum time limit for land-use rights.

Rather, the State Council will designate definite time limits for the land to be developed in various ways, Xiang said.

The last draft of the law did, however, outline a term running between 40 and 70 years.

But Xiang's wording may also receive changes as the legislators begin to review the draft today.

With 73 articles in seven chapters, the law covers sales, transfers, registration and management of land-use rights, real estate development and transaction.

The 'Labour Law' is the country's first since the founding of New China and is considered a vital move to foster reform.

The four other draft laws cover securities, arbitration, banking and auditing.

The proposed Labour Law gives workers equal rights in a wide array of topics: seeking jobs, salary, vacation time, social insurance and labour disputes.

Once approved, the law will cover all workers in China. Labourers will be free to join trade unions.

They will work no more than eight hours a day and 44 hours a week and receive over-time pay for extra work.

However, work cannot be prolonged more than three hours a day, the draft law said.

Foreign Investment Rises \$10.6 Billion Jan-May

HK3006092094 Beijing CHINA DAILY in English 29 Jun 94 p 2

[By Wang Yong: "Overseas Fundings Rise Sharply This Year"]

[Text] Foreign investors had channeled \$72.4 billion to China by the end of May, up from \$61.8 billion by 1993, it was disclosed yesterday.

The latest figures show that China remains one of the world's largest havens for international capital investment.

Zheng Silin, Vice-Minister of the Ministry of Foreign Trade and Economic Cooperation (Moftec), said most foreign-funded enterprises had yielded profits as expected.

The \$72.4 billion was part of \$254.7 billion pledged by foreign investors for 194,000 Chinese projects. The remaining sum will materialize later.

Zheng made the remarks at a meeting in Beijing in honour of a group of elite foreign-funded enterprises, which was organized by the China Association of Enterprises with Foreign Investment.

Altogether 1,235 model enterprises, which had the best performance both in export volumes and pre-tax profits in 1993, were honoured.

These ventures combined generated \$9.3 billion worth of exports last year, accounting for 37 per cent of all the country's foreign-funded ventures.

And 1,076 of the model units achieved more than \$2 million worth of exports and 2 million yuan (\$230,000) in pre-tax profits each.

China yesterday also honoured 30 technically-advanced enterprises with foreign investments.

They are mainly in the machinery, electronics, telecommunications equipment and chemical sectors.

Moreover, 10 largest export generators and 10 companies with the largest business turnover were selected.

The Shanghai Volkswagen Company tops the list of those with the largest business turnover.

Zheng said foreign-funded enterprises have made considerable contributions to China's economic development.

Article on Using Foreign Capital To Revamp Enterprises

HK2906114794 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1014 GMT 28 Jun 94

["Special article" by Lin Ying (2651 7751): "Cities in Mainland Transform State-Owned Enterprises with Foreign Capital"]

[Text] Hong Kong, 28 Jun (ZHONGGUO TONGXUN SHE)—Over 30 percent of state-owned enterprises in mainland China are in a constant state of suffering from deficits because of aging equipment, backward technology, and poor management. To make state-owned enterprises fall in line with market economic development and to take an active part in competition in domestic and overseas markets, the authorities have adopted a series of preferential policies over the past two years or so to absorb foreign investment in the form of grafting foreign investment onto old enterprises for transformation to renovate equipment and improve

operational methods in a big way. Most of these enterprises have scored certain economic returns, and quite a few of them have changed the situation of suffering from deficits with marked results.

For example, in Tianjin, the important northern industrial base, some 900 old enterprises have successfully imported foreign funds and new technological equipment, have conducted the conversion of their operational mechanisms, and have developed into new rising industries. Last year, Tianjin's industrial system had 197 cases of foreign investment, with total investment of \$600 million, of which 60 percent of the cases were grafting old enterprises for transformation. Some products of the transformed old enterprises have become very popular goods in the mainland market. For example, the annual output value of 18 transformed enterprises, including Audis elevators, Sanfeng cars, and Shike Pharmaceutical Works, broke through the 100 million yuan mark. Besides, a large number of new products, such as the Coca Cola soft drink, Guozhen, Yamaha electronic pianos, and Zanussi refrigerator compressors have become famous-brand products which are very popular on the Mainland market, and related enterprises have gained considerable profits. According to the plan, the number of state-owned enterprises in Tianjin utilizing foreign funds for grafting and transformation will be approximately 2,500, up to and over 50 percent, by the end of 1995.

In Shandong's capital city, Jinan, there are some 1,870 state-owned enterprises. In recent years, 40 percent of them have absorbed foreign investment to renovate their equipment. Most of them have scored satisfactory results. For example, in the wake of Jinan Metal Pigment Factory absorbing funds and technological equipment from Germany's Aichang [5337 7022] Company as investment, the factory's annual output of aluminum paste jumped from 5,000 to 10,000 tonnes, with its quality and profits among the top rank in the sector.

Qingdao is also an important city which has absorbed foreign investment to transform state-owned enterprises. According to statistics, some 40 percent of its large and medium-sized enterprises have already been grafted with foreign investment for transformation, with an accumulated sum of \$1.48 billion as of today. Some large, world-famous enterprises, such as the AT&T, Coca Cola, and Whirlpool of the United States; Japan's Mitsubishi Heavy Industries and Matsushita Electrical Co. Ltd.; and Switzerland's Ciba Geigy have all made large investments to participate in the transformation of old enterprise in the city. For example, America's AT&T, Qingdao TV Set Manufacturing Factory, and Qingdao Post and Telecommunications Bureau program-controlled exchange are cooperating to produce program-controlled exchanges with a first-phase investment of \$10 million, and the products instantly became hot on the market in various provinces and cities across China; the second-phase technological transformation project involves an investment of \$100 million to modernize production.

In recent years, Fuzhou has also seized the opportunity of opening up to the world and has adopted various preferential policies to absorb foreign investment to transform state-owned enterprises. Up until now, 52 percent of its state-owned enterprises have been grafted and transformed with foreign investment, with some \$340 million of foreign investment absorbed. Most of the products of those state-owned enterprises that have been renovated fall in line with market demand and have made profits to various degrees. For example, Fuzhou Radio Apparatus General Factory was an old enterprise with outdated equipment and stockpiled products, and it almost went bankrupt. The factory formed joint ventures with Chinese and foreign investment and imported funds and advanced technology on three occasions. Soon the factory revived and developed into an export-oriented enterprise with considerable competitiveness in bringing in hard currency.

Recently, mainland experts have proposed to the authorities that, in absorbing foreign investment to transform old enterprises, it would be best not to confine the practice to export-oriented enterprises, joint ventures, and cooperation, and foreign businessmen should be allowed to purchase management control [du xing 3747 3602] of enterprises. Enterprise may invite cooperation from foreign firms through issuing securities or bonds. In this way, the path of utilizing foreign investment to graft and transform old enterprises will become increasingly wide.

Travel Agencies To Maintain Funds To Reimburse Tourists

HK3006080694 Beijing CHINA DAILY in English 29 Jun 94 p 3

[By Cao Min: "State Orders Tourist Fund"]

[Text] China's travel agencies will be required to maintain special funds to reimburse tourists for losses for which the agencies are responsible.

The China National Tourism Administration (CNTA) announced that each of the first-class travel services must have cash deposits of 600,000 yuan (\$69,000) for compensation for visitors' losses caused by poor management.

The funds, to be established this year, seek to protect the interests of tourists and establish a series of market rules to match international practices as soon as possible.

The amount required for second-class travel services is 300,000 yuan (\$34,500), and that of the third-class is 100,000 (\$11,500), according to CNTA.

Generally, the first-class services recruit and arrange tour programmes for overseas visitors; the second-class ones host overseas visitors and the third-class handles programmes for domestic visitors.

By the end of last year, there were about 3,000 travel agents, of which 285 handled first-class arrangements and 721 second-class. China earned 32 billion yuan (\$3.7 billion) from the 350 million domestic travelers last year, according to Beijing-based Guangming Daily.

It is expected that the income from domestic tourism will reach 50 billion yuan (\$5.75 billion) in 1995.

Only 58.5 per cent of domestic travelers were satisfied with the service according to a 1993 survey by CNTA.

The system will impose restrictions on those travel agents violating the tourists' interests.

When the tourism administrations receive and justify any traveler complaints after investigation, they will order the travel service to use the special fund to compensate for the visitors' losses.

In another development, Shanghai's municipal tourist administration has taken the lead in China to issue regulations on management of overseas offices of Shanghai travel agencies. The Shanghai move encourages travel agencies to open overseas offices.

All the city's first-class travel services should try to set up joint ventures or overseas travel agencies if they are qualified, said Dao Shuming, vice-director of Shanghai's Tourism Administration.

The document requires the first-class travel services or enterprises which open tourist businesses overseas to report their business to the administration or the competent authorities every six months.

National Tourism Fair Opens in Shenzhen

OW2906144694 Beijing XINHUA in English 1439
GMT 29 Jun 94

[Text] Shenzhen, June 29 (XINHUA)—A large-scale national tourism fair hosting China's major tourist resorts and hotels opened today in Shenzhen, China's most flourishing special economic zone.

The five-day fair, jointly sponsored by the State Tourism Administration and Shenzhen City Government, has drawn over 2,500 Chinese and overseas businessmen, who will be involved in business talks to cooperate in the construction of tourist facilities and development of new resorts.

From 1978 to 1993 China made use of over seven billion U.S. dollars in foreign investment in the construction of tourist hotels and entertainment facilities.

China's tourist sector now boasts two million employees and has accumulated 78.7 billion yuan (nine billion U.S. dollars) in fixed assets.

Official Reports Jump in Marine Industry Output

OW3006074794 Beijing XINHUA in English 0644
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—Total output value of China's major marine industries jumped by an annual rate of 35 percent during the 1990-1993 period to top 90 billion yuan last year, according to the National Bureau of Oceanography (NBO).

A bureau official said that the mix of the marine industries also has become rational. Besides the traditional salt production and fishing industries, aquatics breeding, offshore oil production, tourism, power and other industries are now in sturdy shape.

"Such industries have given a major boost to the economy of China's coastal areas, making them the most dynamic and fastest-growing places in the country," the official said.

He explained that, thanks to years of rapid development, the marine industries have emerged as soundly based, as China has set up more than 100 research institutions on oceanography across the country. Some 3.4 million people now work in marine-related production, research and management.

"While fully engaged in developing the marine economy, China attaches great importance to the protection of the marine environment and resources," the official noted.

He said that China has promulgated a batch of related laws and regulations and established a nationwide network monitoring the marine environment, adding that the country now has 15 national and local ocean-based nature reserves.

A 1993 survey showed that the quality of water in Chinese territorial waters is generally good, with the pollution pressure caused by oil and heavy metals relieved to some extent, he said.

According to the official, Hainan, Guangxi, Fujian, Zhejiang, Shanghai, Jiangsu, Shandong, Hebei and some other provinces and regions have mapped out detailed plans to develop marine industries.

The NBO, in co-operation with 12 coastal provinces and related government departments, has drawn up general guidelines for the development of marine industries to ensure a sustainable growth of the marine economy, the official said.

He added that the guidelines spell out an 11-13 percent annual growth of total output value from marine industries nationwide from this year to the year 2020.

Song Jian, minister in charge of the State Science and Technology Commission, said that China's per-capita level of land-based natural resources is much lower than the world average, and fresh water as well as 45 major mineral resources are expected to be in short supply in the coastal areas in about ten years.

China, therefore, must turn to the sea for help if it wants to pursue sustainable social and economic development, noted Song, a State Councillor.

Rapid Unionization of Foreign-Funded Enterprises Urged

HK3006071694 Beijing CHINA DAILY in English 29 Jun 94 p 1

[By Zhang Xia: "State Seeks Expanded Trade Union Role in Joint Ventures"]

[Text] Shijiazhuang—Leading labour officials have urged that trade unions be set up in foreign-invested companies and rural enterprises as soon as possible to better protect employees' interests.

Zhang Dinghua, Vice-Chairman of the All-China Federation of Trade Unions (ACFTU), said on Monday that the establishment of trade unions has lagged behind the growth of foreign-funded businesses. The workers' rights are often not looked after.

Zhang was speaking at a national work conference on trade unions in foreign enterprises held in the capital of Hebei Province.

When new joint ventures are set up, trade unions should be put down in the contracts, Zhang said. The new firms must be unionized within one year of operation.

He reiterated a State Council decree issued in April that by the end of this year, trade unions must be set up in all foreign-invested firms in economic development zones and coastal cities.

Zhang stressed that the legal rights of unions must be protected. Companies that bar staff from organizing or joining trade unions or treat union organizers unfairly will be penalized.

Zhang refuted as groundless the concern that foreign businesses would withdraw their investment once trade unions are set up.

He said that unions play an important role in resolving labour disputes and smoothing the relations between staff and employers.

Eleven provinces and municipalities, including Guangdong, Beijing and Shanghai, have worked out local regulations on the establishment, rights and obligations of trade unions, Zhang said.

In 1992, 5,629 trade unions were set up in foreign-invested ventures, double the number in 1991. By 1993, there were 8,200 such unions, with more than 1.32 million members.

In the development zone of Dalian, Liaoning Province, 85 percent of all foreign ventures have trade unions and in Shekou, Guangdong Province, the rate is 90 percent.

Nevertheless, overtime without additional pay and hazardous living and working conditions are still common among foreign-invested businesses, particularly in small manufacturing concerns, the vice-chairman said.

"Some treat their employees poorly," he said.

In November, 84 female workers were burnt to death in a fire in a Shenzhen toy factory run by a Hong Kong businessman, because all the exits were closed for fear that workers might steal the toys.

Early this month, 11 people were killed and two dozen injured when a five-storey factory dormitory building collapsed in Longgang, Shenzhen. Initial investigations show that the factory's Hong Kong manager was to blame. He put more than 100 workers in the building despite knowing that it was not safe.

Law To Improve Conditions in Foreign-Funded Firms

HK3006093394 Beijing CHINA DAILY in English 30 Jun 94 p 1

[By Ma Chenguang: "Law Targets Poor Work Conditions"]

[Text] Foreign-funded enterprises must improve work conditions for their employees when the country's first Labour Law is approved, a senior legislator said yesterday.

The draft law, spelling out rules for the employers to upgrade the living and working conditions for employees while cutting back the amount of overtime work, is expected to get through the on-going legislature scrutiny.

Some foreign businesses have used the absence of a labour law to ruthlessly exploit Chinese employees, said Tsang Hin Chi, a member of the Standing Committee of the National People's Congress (NPC).

Tsang, elected in March and known for his successful business, told the NPC Standing Committee that in some joint ventures, workers were given harsh living and working surroundings.

The recent workshop fire and collapse of a building in Shenzhen that killed dozens of employees are vivid examples.

Wu Changshu, also a Standing Committee member, said she hopes the bill will help solve unemployment, delayed salary payments and retirement arrangements.

'Bumper' Cotton Harvest To Allow Exports in 1995

HK3006092294 Beijing CHINA DAILY in English 29 Jun 94 p 2

[By Liu Weiling: "Cotton Crop Increases; May Lead to First Exports"]

[Text] China's expected bumper harvest of cotton this year not only will ease the country's tight supply of cotton, but also leave a small amount for export next year, according to an official with the Chinatex Cotton Import and Export Corp.

Total cotton production is expected to reach 4.5 million tons this year, given a normal climate, compared with 3.6 million tons last year, he said.

Cotton acreage has reached about 5.33 million hectares in the countryside this year, compared with some 4.6 million hectares last year.

Meanwhile, major cotton bases are not affected by the flood which swept South China last week.

And the pest, which along with bad climate devastated the 1993 crop, has not yet been found in the production bases.

"Supplies of cotton appear favorable for next year. The government is determined to pull up the cotton production to ease the tight supply in the domestic market," said the official, who asked not to be named.

Due to sharp production drops in the last two years, China has faced a severe shortage of cotton this year.

Shortages of raw material for the textile industry has propelled China to increase its cotton imports by a large margin this year, the official said.

Most of the cotton is imported from the United States, while the rest comes from countries in central Asia, central and western Africa, Latin America and Australia.

The official said the arrival of imported cotton has gradually eased China's shortage.

However, quality of a small amount of cotton from the United States was found to be lower than what's required.

To ensure the quality and timely delivery of the cotton, the Chinatex Cotton Import and Export Corp, a subsidiary of the China Textile Import and Export Corp, sent a delegation to the United States earlier this month.

Headed by Li Feng, deputy general manager of the corporation, his group arrived in the United States on June 18 and is scheduled to pay a 15-day visit to Los Angeles, Memphis and New York to check cotton quality.

The official said if all the imported cotton, with quality meeting China's requirements, can arrive in China on time, cotton supplies will meet demand until August, when this year's cotton crop begins to reach the market.

He said the new cotton is growing well across the country and farmers' enthusiasm has been aroused thanks to the government's preferential policies.

To ensure that cotton planting is profitable for farmers, the government has raised the purchasing price several times since last year, and granted a total of 4 billion yuan (\$459.77 million) of subsidized loans to farmers.

Meanwhile, the government has urged local agricultural departments to put the war against pests on top of their working agendas.

Provincial officials were urged to monitor the pest situation and provide cotton farmers with accurate bollworm information.

Multi-Billion Yuan Program Boosts Farm Production

OW3006103694 Beijing XINHUA in English 1023
GMT 30 Jun 94

[Text] Beijing, June 30 (Xinhua)—China's "Good Harvest Program", which has cost 16.5 billion yuan (nearly 1.89 billion U.S. dollars), has helped China's farmers produce additional farm produce worth 26.8 billion yuan (30.8 billion U.S. dollars) over the past seven years.

The program, which was initiated in 1987 to spread techniques widely to boost agriculture, increased the country's agricultural output by 24 million tons of grain, 560,000 tons of ginned cotton, 2.3 million tons of cooking-oil and 7.5 million tons of sugar, an official of the Ministry of Agriculture said here today.

In 1993, China carried out over 20 projects under the good harvest program, producing an additional two million tons of grain, 40,000 tons of ginned cotton and 180,000 tons of cooking-oil.

The program, which covers the production of grain, cotton, oil-bearing crops, vegetables, fish, eggs and meat, is sponsored jointly by the Ministries of Finance and Agriculture.

Experts believe that China's agriculture is in the process of transformation from a traditional one to a modern one which depends on science and technology. The potential is huge for China to produce more and better food through the extension of modern farm techniques and technology.

The Ministry of Finance recently decided to allocate another 20 million yuan (2.3 million U.S. dollars) from its tight budget this year for the national good harvest program.

This means the central government has brought its annual investment in the program from 30 million yuan to 50 million yuan starting from this year.

The central government has poured a total of 180 million yuan into the program over the past seven years, not much per head for hundreds of millions of farmers. Yet, the total investment could be up to 16.5 billion yuan if all additional investments by localities at various levels

are included, which was what the program was designed to encourage, the official said.

Government Provides New Funds for Good Harvest Program

OW2906143094 Beijing XINHUA in English 1409 GMT 29 Jun 94

[Text] Beijing, June 29 (XINHUA)—China has decided to allocate another 20 million yuan (2.3 million U.S. dollars) from its tight budget this year for a national good harvest program aimed at boosting agricultural production by extending applicable technologies.

This means the central government has brought its investment in the program from 30 million yuan to 50 million yuan starting from this year, an official from the Ministry of Agriculture said.

The program, which covers the production of grain, cotton, oil-bearing crops, vegetables, fish, eggs and meat, has been sponsored jointly by the Ministries of Finance and Agriculture since 1987.

Over the past seven years, he said, the central government has poured a total of 180 million yuan into the program. The total investment could be up to 16.5 billion yuan if all additional investments by localities at various levels are included, the official said.

In 1993, China carried out over 20 projects under the good harvest program, producing an additional 1.98 billion kg of grain, 47.6 million kg of cotton and 179 million kg of oil-bearing crops.

New Company Established To Boost Vegetable Exports

OW2906145094 Beijing XINHUA in English 1432 GMT 29 Jun 94

[Text] Lianyungang, June 29 (XINHUA)—A new company was set up here yesterday to export processed vegetables and fruit from eastern China to 20 countries in Asia, Europe and North America.

The company, the Lianyungang Ruyi (Group) Company, has 48 member enterprises in Jiangsu, Anhui, Henan, Shandong and Fujian Provinces, as well as one foreign member enterprise, the OK Foods Co. Ltd. of Japan.

The predecessor of the new company, the Ruyi Food Co. Ltd., earned seven million U.S. dollars from exports of processed vegetables in the first half of 1994.

The new company has imported 400 varieties of vegetables for 150,000 farmers to grow, a company official said.

An average farmer will be able to earn an estimated 15,000 yuan a year from a one-hectare vegetable plot, he said.

Flood, Drought Headquarters Report on Situation

HK2906160894 Beijing ZHONGGUO XINWEN SHE in English 1316 GMT 29 Jun 94

[Text] Beijing, June 29 (CNS)—The National Flood Control and Drought Combat Headquarters released Circular No. 5 on Flood today, indicating the water level of the Xijiang River has dropped slowly but drought in north China remains serious.

The circular said that affected by the No. 4 tropical storm of this year, the water level of the Xijiang River in Wuzhou City of Guangxi rose up again from June 26. The second flood peak arrived yesterday afternoon with its water level reaching 19.23 metres and its volume of water flow being 26,700 cubic metres per second. The water level dropped down to 19 metres today, still 4.01 metres above the warning level.

From yesterday till today, Jilin Province, north of Shaanxi Province, part of Beijing, Shandong and Sichuan have had some rainfall.

Since mid-June, most parts of north China have had serious drought. Up to date, a total area of nearly 300 million mu of cultivated land has been hit by the drought including an area of 70 million mu of grain, resulting in a loss of 20 percent of grain output. More than 17 million people and over 27 million livestock are in short of potable water supply.

East Region

Jiangsu's Suzhou Speeds Up Transport Construction

OW2906101494 Beijing XINHUA in English 0956
GMT 29 Jun 94

[Text] Nanjing, June 29 (XINHUA)—Jiangsu Province's Suzhou city, where a Chinese-Singaporean jointly funded modern industrial park is being built, is speeding up the creation of a multi-faceted transportation network.

Suzhou, located high in the Chang Jiang River delta and to the north-east of Taihu Lake, is a famous scenic city. It used to be called "paradise on earth," together with Hangzhou, capital of Zhejiang Province.

The Suzhou city government has built 12 main highways in the old city and the new city area while maintaining its past style of small bridges and small waterways, including a highroad linking the city with the projected modern industrial park.

Construction has also been carried out swiftly on a highway linking the old city with the extended new city area. It is due to be in use by the end of this year.

Efforts have been made to improve the city's external transport links. Construction of the Suzhou-Shanghai section of the Shanghai-Nanjing Expressway is being speeded up. It is expected to be put into use early next year, greatly cutting the travelling time from Suzhou to Shanghai, China's leading industrial center.

Construction of the Jiangyin-Changshu-Taicang-Shanghai Expressway and Changshu-Suzhou-Hangzhou Expressway has been listed in the state plan and will start soon.

When a four-lane expressway linking Suzhou with Shanghai is completed, the trip from Suzhou industrial park to Shanghai Hongqiao Airport will take no more than one hour.

At the same time, the city is making efforts to improve and upgrade road conditions on three national highways and two provincial highways within the city.

The city is also accelerating its building of Zhangjiagang and Liujiagang ports, the main links for Suzhou city and its industrial park with the sea.

A Hong Kong-mainland jointly financed special berth for petrochemical products, with dead-weight tonnages of 10,000 tons, at the Liujiagang Port, 50 km from Suzhou city, has already been completed.

The China Ocean Shipping Company (Group) has signed a contract with Taicang city, not far from Suzhou, to jointly introduce foreign funds for an international center based on ports near the mouth of the Chang Jiang River.

Treatment and dredging of inland waterways have also been carried out in the city.

Besides the well-known Beijing-Hangzhou Grand Canal which passes through Suzhou, the city has 400 inland waterways, with 2,879 km open to navigation.

After dredging, the Beijing-Hangzhou Grand Canal will let ships and boats with dead weight tonnages reaching 500 pass, compared with the present limit of only 100 tons.

The central government has planned to build a Beijing-Shanghai Express railway, while enhancing the transport capacity of the existing railway from Shanghai to Nanjing, provincial capital of Jiangsu.

With its Guangfu Airport, a new Suzhou enjoying a high-grade, multi-faceted transport network will soon emerge in the Chang Jiang River delta, local officials pledged.

Jiangsu's Xuzhou Airport Attracts Foreign Investors

OW3006072594 Beijing XINHUA in English 0621
GMT 30 Jun 94

[Text] Nanjiang, June 30 (XINHUA)—The construction of a new airport in Xuzhou, in eastern China's Jiangsu Province, has aroused great interest among foreign investors.

Since the State Council approved construction of the airport in 1993, businessmen from France, Britain, Canada, Singapore, Thailand, Australia, Hong Kong and Taiwan have visited Xuzhou and a dozen overseas firms have signed letters of intent on cooperation, according to Zhang Weidong, an official in charge of the preparation work.

Xuzhou is located on the borders of eastern China's Jiangsu, Shandong, Henan and Anhui provinces. It has long been a regional political, economic and cultural center.

The city has good transportation links. Two major railway lines intersect here, and it is the center of a highway network. River ports in the region have a transportation capacity of 25 million tons annually.

Xuzhou is also a major energy base for eastern China, and the area is rich in natural resources.

The new airport will be funded by the regional government. With a planned investment of 870 million yuan (about 100 million U.S. dollars), it will be finished by the end of 1996.

Air transportation experts estimate that the passenger transportation capacity of the new airport can reach 1.5 million annually by 2005.

The total investment can be recouped within ten years, they say.

The feasibility plan of the new airport has been approved by the state planning commission, and overall construction will begin in March next year.

According to the head of the preparation office, foreign investment for the new airport is sought, co-operation being welcome in various sectors, including the lounge building and supplies of petroleum and electricity.

Jiangsu Provincial Industrial Production Thriving

*OW2906132694 Beijing XINHUA in English 1308
GMT 29 Jun 94*

[Text] Nanjing, June 29 (XINHUA)—The industrial production of Jiangsu Province, one of the most developed areas in China, has scored a rapid growth rate and good economic returns so far this year, according to the provincial government.

An official of the provincial planning and economic commission said that Jiangsu's industrial output value totaled 239.7 billion yuan during the first five months of 1994, up nearly 25 percent over the same period in 1993.

Production of state-owned manufacturers has been rebounding, he said.

Such manufacturers turned out 61.6 billion yuan worth of goods during that period, a 10.7 percent rise, he said.

The number of loss-making enterprises covered in the provincial government plans has dropped since February this year, he said.

Jiangsu had 801 such enterprises in May, 85 fewer than in February. Losses recorded by these enterprises amounted to 780 million yuan in May, 57 percentage points lower than in February.

Enterprises covered in the provincial government plans began making profits again in April, the official said, adding that their profits rose to 373 million yuan in May.

He said that another indication of Jiangsu's thriving industry was a halt to excessive growth in fixed assets.

State-owned manufacturers and institutes spent nearly 10.9 billion yuan on fixed assets during the January-May period in 1994, an increase of 22 percent over the same period in 1993.

But the increase was 69 percentage points lower than the increase in the January-May period in 1993, the official said.

He said that a major reason for the initial success scored by Jiangsu's industry was that the provincial government had done its utmost to guide enterprises in arranging production according to market demand.

He said that local banks had increased loans, giving priority to efficient state-owned companies manufacturing marketable goods.

Led by the manufacturing industry, exports from Jiangsu shot up by nearly 29 percent in the first four months of 1994 to 1.7 billion U.S. dollars, he said.

Jiangsu Province brought in 907 million dollars in direct foreign investment during the January-April period, up almost 77 percent over the same period in 1993, he said.

Hong Kong Firm Plans To Help Redevelop Old Shanghai

*OW3006080394 Beijing XINHUA in English 0641
GMT 30 Jun 94*

[Text] Shanghai, June 30 (XINHUA)—The Man Po International Group Co., Ltd. of Hong Kong has decided to invest two billion Hong Kong dollars to purchase a stretch of land in the old city of Shanghai for building the "Man Po Garden Plaza".

A ceremony was held yesterday to mark the laying of the foundation stone for the projected plaza, which will be situated at the juncture of Western Yan'an Road and Zhenning Road.

The new plaza will have a total area of 16,711 sq m, and 900 households and seven institutions will have to be relocated because of the redevelopment.

The entire project will include the building of four 35-story luxury office buildings, a seven-story building housing shops, restaurants and amusement facilities, and a two-story underground parking lot.

The Shanghai Construction Design Institute and the China Engineering Corporation will co-operate with two Canadian companies in construction of the project, which is scheduled to take two years.

According to Sun Zhen, chairman of the Man Po International Group Co., Ltd., his company has invested in the construction of the "China Financial Mansion" in the Waigaoqiao free trade zone in Shanghai's Pudong new area.

The company will soon launch the "Far-East Shopping Center" on Huaihai Road in the center of Shanghai's commercial district.

Information from the local foreign trade and economic cooperation committee reveals that Hong Kong has become Shanghai's largest investment partner, as Hong Kong businessmen have launched more than 4,000 businesses in the city, involving 9.5 billion U.S. dollars in investment.

Shandong Secretary Speaks at Party Commendation Rally

*SK3006050994 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 29 Jun 94*

[Text] On the occasion of the 73d anniversary of the founding of the CPC, the Shandong Provincial CPC Committee held a rally in Jinan on the morning of 29

June to ceremoniously commend advanced party organizations at the grass-roots level, excellent Communist party members, and excellent party affairs workers having scored outstanding achievements in reform, opening up, and socialist modernization. With a feeling of immeasurable joy, more than 400 fine sons and daughters of the CPC from various localities, professions, and trades attended the rally, together with provincial leading comrades Jiang Chunyun, Zhao Zhihao, Li Chunting, Li Wenquan, Han Xikai, Tan Fude, Liu Guofu, Sun Shuyi, Ma Zhongcai, and Zhai Yongbo.

Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province, chaired the rally. Li Wenquan, deputy secretary of the provincial party committee, read out the decision of the provincial party committee on conferring the title of Shandong's advanced grass-roots party organization on 200 grass-roots party organizations, including (Xinghe) Village party organization in (Beiyuan) Town in Jinan city's Tianqiao District, conferring the title of Shandong's excellent Communist party member on 400 Communist party members, including (Wang Weiming), and conferring the title of Shandong's excellent party affairs worker on 49 party affairs cadres, including (Zhang Xuejin).

Jiang Chunyun, secretary of the provincial party committee, delivered an important speech at the rally. He pointed out: To materialize and safeguard the general task for the work of the whole party and the whole country and to smoothly accomplish all the reform and construction tasks we face at present, we should, what is most important and essential, build the party well and improve the party's expertise of ruling the country and the party's art of leadership.

Jiang Chunyun stressed that attention should be paid to the work in the following four aspects: First, we should strengthen the ideological and theoretical building of the party and firmly arm the brains of party members and cadres with Comrade Deng Xiaoping's theory of building a socialism with Chinese characteristics. Second, we should strengthen the organizational building of the party and make great efforts to build party organizations at all levels into the propaganda core and the fighting fortress of the socialist modernization. The organizational building of the party should be focused on the building of leading bodies at all levels and on the building of party organizations at the grass-roots level. All localities in the province should strengthen investigation and study to learn about the real situation of the grass-roots areas so that they can give different guidances based on different cases. Third, we should strengthen the building of the party's work style and establish even closer ties between the party and the masses. Party style is a matter of life and death of the party. We should continue to conscientiously strengthen the building of party style and administrative honesty, launch the anticorruption campaign in a penetrating and sustained way, and go all out to resolve problems for the masses. We should actually guard against and overcome such unhealthy practices as being boastful and indulgent

in fraudulence and formalism. Fourth, we should persist in the policy of managing party affairs by the party and strengthen the leadership over party building. Party committees at all levels in the province should correctly handle the dialectical relations between economic construction and party building closely around the central task of the party and should truly attain the goal of firmly grasping both economic construction and party building. We should extensively launch the activities of learning from the advanced throughout the province, make numerous party branches become advanced branches and numerous party members become excellent party members, and greatly strengthen the overall function and the role as the fighting force of party organizations at the grass-roots level and the vanguard and exemplary role of party members. We should unite and lead all the people in the province to work hard for fulfilling the strategic objectives defined by the sixth provincial party congress.

Shandong Secretary Receives Highway Report

SK2906024294 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 28 Jun 94

[Text] The provincial meeting on highway construction held in Jinan on 28 June defined that in the future the province will follow the strategy of mainly building high-class highways on the basis of rebuilding and perfecting existing highways, will concentrate efforts on accelerating the building of expressways, and will promote the modernization of highways in a comprehensive way.

The provincial government has set forth the plan and goal of achieving the modernization of highways in three steps. First, the ninth five-year plan, the already set goal, will be fulfilled in 1997, three years ahead of schedule. By then the total length of roads throughout the province will reach 58,800 km, 523 km of which will be expressways and 1,860 km of which will be highways for the special use of cars. At the same time, all of the 17 cities and prefectures in the province will be connected with highways of or above the second grade. Second, by the end of this century, the mileage of roads open to traffic will reach 70,000 km, 1,590 km of which will be expressways and 2,100 km of which will be highways for the special use of cars. Meanwhile, all cities and prefectures, as well as all major port cities, will be linked with the provincial capital by expressways and highways for the special use of cars, and there will be highways of or above the second grade from all cities or prefectures to all counties and from county to county. There will be asphalt roads in all townships and highways in 90 percent of administrative villages. Third, by 2010, the main framework of expressways stretching from north to south and from east to west of the province will be completed, and a modernized highway network in which feeder highways are linked with arterial highways and highways that radiate to neighbor provinces will be densely spread all over the province.

Before the opening of the meeting, Jiang Chunyun, secretary of the provincial party committee, listened to the report on the construction of the province's highways and gave important instructions on accelerating the building of highways in the province. Chen Jianguo, standing committee member of the provincial party committee and vice governor of the province, and Li Juchang, vice minister of communications, attended the meeting and made speeches.

Shandong Enterprise Group Begins Issuing Stocks

*SK3006041394 Jinan DAZHONG RIBAO in Chinese
17 Jun 94 p 1*

[Text] The Shandong Kuaixin (Group) Ltd, Liability Stock Company initiated solely by the Jinan Kuaixin Industrial Group Company held a ceremony to mark the beginning of issuance of stock ownership certificates at the Nanjiao Hotel on the afternoon of 16 June. Han Xikai, deputy secretary of the provincial party committee, and other leading comrades, attended to extend congratulations.

The Jinan Kuaixin Industrial Group Company is one of Shandong's earliest and largest nongovernmental high-tech enterprise groups. Originating from the XINXI KUAIBAO [Information Bulletin] office established in 1984, this group company has seized the opportunity to develop in the past 10 years. Its overall economic efficiency has doubled and redoubled every year, and it has become a new-type high-tech enterprise group with information and advertisement, applied electronics and machinery, and biochemical pharmacy as its three pillar industries. The approved capital stock of this standardized limited liability stock company is 51.88 million stocks, of which 53.4 percent will be purchased by the initiator and 46.6 percent by a definite portion of people in society. The face value of each stock is 1 yuan, which will be issued with a premium at 1.08 yuan.

Planners Want International Park in Jiangsu's Suzhou

*OW2906132794 Beijing XINHUA in English 1256
GMT 29 Jun 94*

[Text] Nanjing, June 29 (XINHUA)—The planners of the Sino-Singapore Industrial Park in Suzhou are determined to make the park a modern and international industrial park of advanced world level instead of making just another ordinary development zone.

The park in east China's Jiangsu Province will have a scenic environment, quick and efficient traffic network, convenient living and a highly civilized society, just like its Singapore prototype—the Jurong Town.

According to the master plan mapped out by Singapore city planning experts, the industrial park, spreading over 70 sq km to the east of old Suzhou city, will be developed in three phases over ten years.

The first phase, occupying eight sq km, will be the nearest to the old town. Upon completion, it will combine first-class industrial estates with shopping, banking and tourism facilities.

The second phase projects will include a high-tech industrial zone modelled on the typical Suzhou garden style around Jinji (Golden Rooster) Lake.

The third phase projects will include a technology-intensive large manufacturing center.

The three zones will be separated by rivers.

Zhou Xun, vice-chairman of the preparatory committee of the park, said public facilities of the park, from roads, telecommunications, water and power supply to heating and waste water treatment will rival any international counterparts.

The road system ensures that vehicles will be able to travel at above 30 km per hour, and the whole park will be connected by a light rail transit system that runs across the city from east to west.

The 600,000 future residents of the park will be provided with a full range of educational, sports, entertainment and other service facilities built to meet top international standards, said Mr. Zhou.

Residents in the park will be sharing as much as 9.6 sq m of green spaces per capita, plus a dozen square meters of water surface.

The park will allow enough space for housing development. Mr. Zhou said 70 percent of the houses will be in high density areas and 30 percent in middle and low density areas, while the lakeside will feature luxury apartment building and villas.

Mr. Zhou said it will take 10 years to complete the three phases of construction.

Currently, road paving and land levelling have begun in the areas for the first phase development. The work is expected to be completed in one or two months.

Central-South Region

Guangdong's Xie Fei Inspects Flood in Shaoguan

Visits Schools, Businesses

*HK2906111994 Guangzhou Guangdong People's Radio
Network in Mandarin 1000 GMT 25 Jun 94*

[Text] This morning, Xie Fei, secretary of the provincial party committee, went deep into some enterprises, rural areas, primary schools, middle schools, and a certain People's Liberation Army [PLA] unit in the city of Shaoguan to extend sympathy for flood victims and to inspect relief work. Secretary Xie Fei fully affirmed achievements made by the Shaoguan people in controlling floods and relieving flood victims.

In the shaving board plant and rubber plant in Shaoguan, Secretary Xie Fei encouraged workers who were energetically organizing and restoring production: We should repair and restore the machinery and equipment as soon as possible, and strive to put the plants into production again at a early date.

In the village of Wuwu, in the Lishi Zhanglang Administrative Bureau, Qujiang County, Secretary Xie Fei found that all 162 houses in the village had collapsed in the floods. He cordially asked about arrangements for the livelihood of the peasants in the village and told leading comrades in Shaoguan to give special assistance to such hard-hit areas.

Secretary Xie Fei went to the middle school in the town of Huitou in the Ruyuan Yao Nationality Autonomous County. A moving story about close Army-people relations took place there. At 0200 on 17 June, the raging water came and flooded the whole campus. The 450 resident students of various nationalities were in great danger. At that critical moment, more than 300 officers and men of a nearby transport regiment of a certain unit under the Guangzhou Military Region came in good time. These soldiers of the people formed a wall of men holding each other's hands to resist the flood peak, and took the teachers and students to a safe place one after another. Secretary Xie Fei said: In light of this typical example, we must carry out education among teenagers and young people on loving the PLA, the Communist Party, and socialism.

Secretary Xie Fei also went to this transport regiment of a certain PLA unit which had made so great a contribution to protecting people's lives and property in the course of controlling floods and relieving flood victims. He spoke highly of the dauntless spirit displayed by all officers and men in the face of the floods, and he expressed cordial greetings to them.

Xie Gives 'Instructions'

HK2906112194 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 26 Jun 94

[Text] After making a 24-25 June inspection tour and learning the situation of Yingde and Shaoguan, which were hard-hit by floods, Xie Fei, secretary of Guangdong Provincial CPC Committee, made important instructions on the current work to control floods and relieve flood victims throughout the province.

Comrade Xie Fei said: At present, all flood-stricken areas in the province should go all-out in relieving flood victims, and work in every aspect should focus on relieving flood victims. Governments at all levels and in all localities should immediately set up an authoritative organ of power for controlling floods and relieving flood victims so as to exercise unified leadership and coordinate relief work. All flood-stricken areas should grasp firmly work to restore production and to ensure a high output and a bumper harvest in the late and winter agricultural crops. At the same time, they should make

great efforts to develop diversified management in a bid to make up for the economic losses of the peasants.

Comrade Xie Fei asked the government organs and departments concerned in various localities to take some special measures to give full play to the functions of respective departments and to make contributions to relieving flood victims on their own accord. He emphasized: As the responsibility system on a household basis with remuneration linked to output is being implemented in the rural areas, work to relieve flood victims should be well organized. Only if the enthusiasm of the masses is fully aroused and the strength of the masses is properly organized can we finally overcome difficulties and rebuild our homes.

Comrade Xie Fei asked the leadership at all levels in flood-stricken areas to ensure stability in three aspects: The first is the stability in livelihood, then the stability in the market, and finally stability of society. He said: Only by achieving stability in these aspects can work in production and self-help be carried out effectively. Effective measures must be adopted to punish lawless people who take advantage of the floods to make money illegally. In view of the floods, Comrade Xie Fei also asked people throughout the province to be hardworking and thrifty, and to spend money where it is needed most. He said: Losses caused by floods also have given us a lesson. In the future, we should attach importance to harnessing major rivers, pay great attention to water conservation, firmly establish the idea of the preventing and controlling floods, and put work in this respect in an important position in modernization. In developing their economy, various localities should put aside appropriate funds for resisting natural disasters.

Expansion Plans for Guangdong's Shenzhen Airport

OW2906132194 Beijing XINHUA in English 1252 GMT 29 Jun 94

[Text] Shenzhen, June 29 (XINHUA)—Shenzhen, one of China's special economic zones in Guangdong Province, plans to put 3.77 billion yuan (432.8 million U.S. dollars) into the second-phase of its airport expansion project.

Officials with the Shenzhen Airport Group Corporation told XINHUA today that with the completion of the 980-million-yuan first-phase project, the Shenzhen Airport has become one of the six busiest airports in China.

Last year the airport handled 2.54 million passengers and 26,000 tons of cargo, increases of 53 and 136 percent over the previous year.

In order to make it a modern international airport, the Shenzhen City Government entrusted a well-known foreign company to design an overall development program of the airport for the next 30 years.

The program has recently been approved by the state Civil Aviation Administration of China.

The airport is expected to handle 10 million people by the year 2000.

Guangxi Party Chief Holds Teleconference on Flood

HK3006024094 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 25 Jun 94

[Excerpts] The regional party committee and people's government held a regional teleconference on flood fighting and relief work at 0900 on 25 June to make arrangements for flood fighting and relief tasks, at which regional party Secretary Zhao Fulin delivered a speech entitled: Heighten our fighting spirit, work hard with the indomitable spirit to win overall victories in the region's flood fighting and relief work.

In his speech, Zhao Fulin briefed the teleconference on the heavy losses the region suffered from the most serious floods and waterlogging seen since the founding of the People's Republic, which were caused by the continuous rainstorms over the vast areas of north and east Guangxi. He said: In the face of extraordinarily serious floods and waterlogging, the regional party committee and people's government, as well as party committees and governments of the prefectures, cities, counties, and townships which were hit by floods attached great importance to the disasters, acted promptly, took decisive measures without delay to make arrangements for flood fighting and relief work. Thanks to the concerted efforts of the whole region in bravely fighting floods in unity, great victories have been scored in the region's flood fighting and relief work effort.

Now people in flooded areas has set their minds at ease and social order is good. In his speech, he stressed: Although the flood waters have now receded, the flood fighting and relief tasks facing party committees and governments at all levels and the people throughout the region remain very arduous.

1. We should carry out self-help production projects, go all out to support and help the masses of people in flooded areas, and make proper arrangements for their lives.

2. We should take precautionary measures against possible floods and waterlogging during the high flood season of July and August and against drought. Therefore, party committees and governments at all levels and the vast number of cadres should definitely refrain from slacking their vigilance, continue to display the spirit of not fearing fatigue and of carrying out continuous operations, do an ever better job of fighting floods, doing relief work, and reconstructing homes, and strive to finish reconstruction of homes this year and to resume production within a year. The flooded areas where conditions are ripe should strive to resume production

this year and work hard to win the final victory on the flood fighting and relief work front.

Zhao Fulin also stressed the need to continue do a good job in the following areas:

1. We should make prompt arrangements for the lives of flood victims, ensure that the numerous flood victims have enough food, clothing, and shelter, and do our best to rescue the people's lives and property. [passage omitted]

2. We should organize people in flooded areas to help themselves by engaging in production and resume industrial and agricultural production. Governments at all levels and agricultural and commercial departments should better manage the production, transfer, and supply of vegetables and nonstaple food. [passage omitted]

3. We should continue to do a good job of preventing floods, waterlogging, and drought, and strive to reap bumper harvests while combating drought.

4. We should extensively conduct activities to donate money and materials to support flood-stricken areas in their home reconstruction effort.

5. We should further strengthen leadership over flood fighting and relief work and give simultaneous consideration to flood control and draining of waterlogged fields, prevention of flood and drought, and the work of helping oneself by engaging in production in a selective way and putting it into practice. Relevant departments should willingly help flooded areas solve their problems and carry out self-help production projects. [passage omitted]

At the teleconference, regional government Chairman Cheng Kejie also emphatically pointed out: Currently all localities should take flood control, relief work, and resumption of production as the focus of their work at present and in a certain period of time to come, slate the poor areas hit by floods for the focus of relief work, use the limited amount of funds in the peasants in the areas heavily afflicted by floods. At present we should pay close attention to solving flood victims' problems of food, shelter, and prevention of diseases, restore transportation as well as production and supplies of vegetables as quickly as possible. When it comes to resumption of production, above all else we should resume agricultural production. Liuzhou's industrial production should be resumed as soon as possible. We should strengthen the raising of funds and strive for international assistance. In flood fighting and relief work, we should strictly implement the contract responsibility system down to certain responsible individuals. [passage omitted]

Floods Cause 14.7 Billion Yuan of Damage in Guangxi

HK2906160694 Beijing ZHONGGUO XINWEN SHE in English 1145 GMT 29 Jun 94

[Text] Nanning, June 29 (CNS)—Serious floods which have hit Guangxi since June 12 resulted in one million

homeless persons who are now living in the wild [as received] and urgently need help, according to the Vice Party Secretary of the Guangxi Zhuang Autonomous Region Committee and Chairman of the Guangxi People's Congress, Mr. Liu Mingzu.

As of June 26, incomplete statistics showed that the floods caused direct economic loss to the entire region was valued at RMB 14.7 billion [renminbi], equivalent to a whole year's industrial output value turned out in Liuzhou, an important industrial city in Guangxi. There was collapse of some 200 000 homes in flood-stricken areas. Damage was also caused to quite a lot of infrastructural facilities in the region. Work on rehabilitation and reconstruction proved to be very difficult.

Mr. Liu said that local governments at various levels in Guangxi made emergency mobilization to help resume production and reconstruct homes in areas affected by floods. Guangxi released donation of 560,000 pieces of clothing and nearly RMB 30 million to various affected areas as of June 25. Sums of donation also poured into Guangxi from overseas as the serious disaster in the region aroused great concern abroad.

The main relief work, according to Mr. Liu, lay in seeking solution to problems of food, clothing, prevention and cure of diseases and housing for the one million homeless.

Hainan Meeting Discusses Social Order Issues

*HK3006011794 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 24 Jun 94*

[Text] The eighth plenary session of the provincial committee for the comprehensive management of social order was held in the first meeting hall of the provincial CPC Committee yesterday morning. The meeting was presided over by Tian Zhongmu, vice chairman of the committee and president of the provincial Higher People's Court.

Fu Chuanxin, vice chairman of the committee and deputy secretary of the judicial and law committee, first made a report on the situation of sternly cracking down on crimes in the whole province. He said: Gratifying achievements have been made in the first stage of the campaign of sternly cracking down on crimes in the whole province. People in all walks of life are quite satisfied with the first stage of the campaign. However, we should not overestimate our achievements and should be aware that there is still a big gap between our work and the demands of the provincial CPC Committee, the hopes of the people, and the construction of the special economic region, and that there are still some problems in our work. Wang Dongguo, director of the office of the Provincial Committee for the Comprehensive Management of Social Order, relayed at the meeting the spirit of the recent national meeting on work in the comprehensive management of social order in rural areas.

The meeting put forward the necessity of doing a good job in the following five areas this year:

1. Continue to carry out in a thorough and down-to-earth manner the campaign to crack down on crime, focusing on crimes committed with a gun. Be determined to stop the growth momentum of serious criminal activities.
2. While sternly cracking down on serious crimes according to law, adopt measures to punish, help, or educate local ruffians, village scoundrels, and so on in rural areas.
3. Make great efforts to strengthen the building of grass-roots organizations.
4. Strengthen publicity and education on the legal system to increase the sense of the legal system among citizens.
5. Further strengthen the leadership responsibility system and ensure that work to comprehensively manage social order is earnestly carried out.

Hainan Standing Committee Meeting Ends

*HK3006011894 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 24 Jun 94*

[Text] The ninth session of the Standing Committee of the First Provincial People's Congress concluded in Haikou on the afternoon of 24 June. Chairman Du Qinglin, Vice Chairmen Pan Qiongxiang, Wei Zefang, Yang Wengui, Wang Xintian, Wu Kuiguang, Xin Yejiang, Secretary General Mao Ping, and 16 other members of the Standing Committee of the provincial People's Congress attended the meeting. The meeting was presided over by Yang Wengui. Wang Xueping, member of the Standing Committee of the Provincial CPC Committee and vice governor; Tian Zhongmu, president of the provincial Higher People's Court; Qin Xingmin, chief procurator of the provincial People's Procuratorate; and 36 other people attended the meeting as nonvoting delegates.

The meeting deliberated and approved the revised draft of the proposed regulations on land management of the Hainan Special Economic Region. The meeting deliberated and approved the decision of the Standing Committee of the Hainan Provincial People's Congress on approving Haikou City's decision on forbidding the production, sale, and setting off of fireworks and firecrackers. The meeting also deliberated and approved the resolution of the Standing Committee of the Provincial People's Congress which confirmed and approved the arrest of Qu Xiufeng, delegate to the First Provincial People's Congress. The meeting made a decision by a show of hands on the removal of Qu Qianfei and five other people from their posts. The meeting also approved by a secret ballot the promotion of Xu Pengyuan and 29 other people. The meeting expressed satisfaction with the report made by Chief Procurator Qin Xingmin on the situation of how procuratorial

organs in our province investigated and handled corruption and bribery crimes in the anticorruption campaign. The meeting affirmed achievements made by procuratorial organs in our province in the work of investigating and handling corruption, bribery, and other economic crimes and put forward hopes and demands on future work of all procuratorial organs of the province.

Hunan's Hengyang City To Resume Production

HK3006023894 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 25 Jun 94

[Text] Hengyang City, which was hit by extraordinarily serious floods and waterlogging, carried out resumption of construction and reconstruction of homes as a task of primary importance after floods, went all out to mobilize the masses, made prompt arrangements to carry out self-help production projects, and swiftly restored a normal life and production order, thus maintaining social stability. This efforts of the city were fully affirmed by Comrade Wen Jiabao, member of the Secretariat of the CPC Central Committee on 23 June.

This year, vast areas of Hengyang City were flooded for a long time. To make up for the losses caused by floods, the Hengyang City CPC Committee and government acted promptly, relied on the masses, carried out self-help production projects without delay, tried every possible means to salvage the flooded early rice and expand the area of land sown to late rice and total area under cultivation. The city has shipped in one million tonnes of late rice seeds. The provincial party committee and government have mobilized all forces in society to offer assistance focusing on proper arrangement of the lives of flood victims, social relief work, and prevention and cure of diseases. So far they have received 9 million yuan in donations. Water conservancy departments have organized 27 teams to salvage damaged water conservancy facilities and communication, telecommunication, and electric power departments have restored damaged road facilities at the highest speed.

To strengthen the work of resuming production and carrying out self-help production projects after floods, they transferred cadres from departments directly under the county and city governments to go to flooded areas. Now every village seriously hit by floods has two state cadres to attend to flood-related matters.

Southwest Region

Many Sichuan Foreign-Funded Firms 'Profitable'

OW2906020394 Beijing XINHUA in English 0124 GMT 29 Jun 94

[Text] Chengdu, June 29 (XINHUA)—More than 2,000 overseas-funded enterprises, about half of the 4,300 such enterprises in Sichuan Province, southwest China, have begun to reap profits.

An official of the Sichuan Provincial Commission of Foreign Economic Relations and Trade said that last year, the profits of enterprises reached more than 300 million yuan.

In 1983, Sichuan began to introduce overseas-funded enterprises. By the end of last year, Sichuan had approved 4,300 overseas-funded enterprises with a total investment of 4.5 billion U.S. dollars.

Chengdu Chia Tai Co. Ltd. was one of the first overseas-funded enterprises in the province. In the past eight years, its investment has increased from 2.5 million to 15 million U.S. dollars and its profits and taxes have reached 100 million yuan.

Now it has become the largest feed production and chicken raising enterprise in southwest China.

Ren Jiayin, director of the Sichuan Overseas Investment Association, said that the province's vast population and rich resources constitute sound market conditions for overseas investment.

Meanwhile, he noted that the development of the overseas-funded enterprises in Sichuan greatly benefited from the provincial government's efforts in improving the investment environment.

Tibet Adopts Series of Reform Measures This Year

HK2806132794 Hong Kong WEN WEI PO in Chinese 27 Jun 94 p A2

[Interview with Gyaincain Norbu, chairman of the Tibet Autonomous Regional People's Government, by Yang Yung-nien (2799 3057 1628). WEN WEI PO correspondent based in Southwest China; date, place not given: "Tibet Work Conference To Be Held in the Fall, a Series of Reform Measures To Be Introduced This Year"]

[Text] Lhasa, 26 Jun—Gyaincain Norbu, chairman of the Tibet Autonomous Regional People's Government, told this reporter a few days ago that the third central work conference on Tibet since the founding of the People's Republic would be held this fall. After the meeting, a qualitative change will take place in Tibet work.

The chairman, who is of the Tibetan nationality, said: The party Central Committee and State Council vigorously supported Tibet's development in the past, and are supporting it more vigorously now. He also disclosed: Many central ministries and commissions sent groups of people to Tibet last month. They belong to two major groups: The first is the development group and the second is the stability group. They are making first-phase preparations, such as appraisals, for dozens of development projects involving nearly 6 billion yuan in investment.

This reporter also learned that the first and second central work conferences on Tibet were held in 1980 and 1984, respectively.

Chairman Gyaincain Norbu said: After the Third Plenary Session of the 11th CPC Central Committee, Tibet construction and development gathered pace markedly. Profound new changes have taken place in the social outlook as a whole. We may well say that the "roof of the world" is no longer a geographical concept and that, like the crustal movement, reform and opening up have generated a tremendous force to quickly raise the Tibetan economy to a high level. Viewed directly through the senses, there is a new profile and a new outlook every year.

Chairman Norbu told this reporter: As far as Tibet is concerned, this is also a "year of storming heavily fortified positions in reform." After the 14th party congress, the autonomous regional party committee and people's government, after conducting investigations and appraisals for a long time and taking a realistic view of the situation, decided to increase the strength of reform and accelerate the pace of establishing a socialist market economy in Tibet.

Chairman Norbu said: As a part of the Chinese economy, it is impossible for Tibet to remain outside the socialist market economy structure. It must overcome difficulties and obstacles, and must identify itself speedily and converge with the country's reform in terms of framework and structure. On the other hand, in its present condition, Tibet should not be compared with any other province or region. If it mechanically copies the national practice and forcibly imposes unanimity, not only will it be hard for the reform to succeed, but it will undermine Tibet's economic foundation. More haste, less speed. We should proceed from Tibet's actual conditions, and work flexibly and realistically.

The regional government chairman told this reporter: Tibet has basically finished introducing a series of major reform policies and measures, and is entering the stage of full implementation. On the whole, the reform in Tibet this year is unprecedented. It involves many fields, such as state-owned enterprises, farm and pastoral areas, taxation, investment, banking, circulation, social security, public housing, education, and medical treatment.

After briefing this reporter on the specific content of the reforms in the above-mentioned fields, Norbu said: "This is a crucial year for Tibet to make breakthroughs in some key areas and press ahead with the whole project of economic restructuring. The reform will develop both intensively and extensively; it will be conducted with considerable strength and meet with considerable difficulties. In practice, despite numerous difficulties, the policies and measures have been implemented basically smoothly because the reform program is well-conceived and meticulous; the organization is strong and down-to-earth; we adhere to the effective method of making appraisals in advance, coordinating with one another,

and conducting experiments first; and especially because the reform enjoys the support of the great majority."

Talking about the issue of development, Chairman Norbu said: "To maintain the sustained, rapid, and healthy development of Tibet's economy, the autonomous regional people's government has decided to stress the main points in economic work. While continuously strengthening basic work—such as agriculture, animal husbandry, and infrastructural construction—we will concentrate on cultivating new economic growth factors. They are principally resource exploitation, processing industry, foreign trade, tourism, the non-public economic sector, science and technology, and education." Norbu said that Tibet had initially set its economic growth for this year at 8 percent.

During the interview, Chairman Norbu frankly told this reporter: Situated in an outlying area, Tibet is backward in telecommunications. It has given insufficient publicity to the outside world, especially to foreign countries. As a result, foreign friends do not understand Tibet, especially Tibet's preferential policies. In fact, the advantages of Tibet's policies are unique in China. There are not only the central government's preferential policies toward Tibet, but also the preferential measures worked out by the autonomous region itself. Foreign businesses can make profits if they invest in Tibet. The chairman of the Tibet Autonomous Regional People's Government asked this reporter to tell people through WEN WEI PO in Hong Kong: The Tibet Autonomous Regional People's Government, and the 2.3 million people of all nationalities under its jurisdiction, welcome investors from all over the world—especially those from Hong Kong, Macao, and Taiwan—to come to Tibet for investment, cooperation, sightseeing, and tourism.

Central Investigation Team Assess Projects in Tibet

HK2806154594 Beijing ZHONGGUO XINWEN SHE
in English 1308 GMT 28 Jun 94

[Text] Beijing, June 28 (CNS)—According to reliable sources, the Chinese central government sent two work teams to Tibet in May to do some investigation work. The purposes of the investigation were, first, to assess over 100 projects involving an investment of RMB 6 billion [renminbi] injected by the government; two, to find out how the economy of Tibet should be further reformed and opened to the outside world. A conference on Tibet work will be convened this autumn, at which a number of new measures including expansion of foreign trade and favourable policies in attracting foreign investment will be announced.

According to statistics, the central government has injected some RMB 20 billion in the Tibet Autonomous Region to help its economic development. Last year, the Region's gross national product reached RMB 3.05 billion, of which industrial output value was RMB 535 million. Per capita income in agricultural and animal husbandry sector was RMB 521. The income from

foreign trade was RMB 130 million while foreign investment in the Region reached U.S.\$67 million. The total population, according to a survey, increased to over 2.2 million (90 percent being Tibetans), twice as many as that in the 50s.

However, compared with other parts of the country, Tibet is still backward in economy. Such a situation ought to be improved within a short period of time. An authoritative personnel recently revealed to media that the decision-makers in Beijing were presently summing up historical experiences of both success and failure in the administering of Tibet in an all-round way, comparing its economic situation with that of its neighbouring areas. They held that it was time that Tibet should further open to the outside world, especially to the countries and regions of Southeast Asia. To speed up Tibet's economic development, the central government decided to give it adequate favourable policies, promote its economic development and enable its economy to be integrated with the world market.

Chairman of the government of the Region, Mr. Gyaincain Norbu, said to media at the end of June that Tibet would not remain outside market economy and should strive to catch up with the whole nation's speed in economic development and be operative within the framework of the overall economic system of the country. Due to Tibet's unique situation, the chairman was quoted as saying, Tibet should not merely copy other provinces' methods in developing their economy. The ways to develop Tibetan economy should be flexible and practical. The economic policies, he stressed, made both by the central government and the Region were very favourable to foreign investors. Businessmen and industrialists of foreign countries, Hong Kong, Macao and Taiwan were most welcome to visit or invest in Tibet.

Technology Bolsters Tibetan Agriculture, Husbandry

OW2806133594 Beijing XINHUA in English 1303 GMT 28 Jun 94

[Text] Lhasa, June 28 (XINHUA)—Technicians in the Tibet Autonomous Region in southwest China have improved local crop and animal cultivation, vegetation protection, agricultural meteorology, and production tools, according to local officials.

During the past four decades, the rural technicians carried out more than 1,000 scientific and technological projects, some of which won awards as particularly advanced items from state and local governments.

A new grain cultivation technique enabled local farmers to obtain 101,670 more tons of grain in the past three years.

In animal breeding, the technicians have reduced the death rate of livestock from 5.7 percent a dozen years ago to the present 4.6 percent.

Thanks to some new cultivation techniques, for the past six years the region has enjoyed consecutive bumper harvests, with an average annual increase of 6.5 percent.

In general, the total production of grains and edible oil increased from 300,000 tons in 1952 to the present 1.26 million tons, and the number of existing livestock increased from 9.74 million in 1952 to 22.8 million by the end of last year.

In old Tibet, farming relied mainly on manpower and horsepower. Now the whole region has 30,900 sets of farming machinery which work some 66,670 ha of farm lands, one third of the region's total.

The local government has also been encouraging farmers to use more solar energy to save more grass, wood and animal droppings, which are often used as fuels.

Yunnan Governor Addresses Meeting on Foreign Capital

HK3006011694 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 24 Jun 94

[Text] A provincial foreign capital and Taiwan-related economic work meeting ended in Kunming yesterday afternoon. Provincial Governor He Zhiqing spoke at the meeting. He called on departments at all levels throughout the whole province to emancipate their minds and seize the favorable opportunity to push our province's work of making use of foreign capital to new heights.

He Zhiqing added: Over the past two years, our province has been progressing very fast in making use of foreign capital, and the fields for using foreign capital have been increasingly expanded. Foreign capital has come from broader sources. There are more channels and greater scope for importing foreign capital. We have made marked achievements in using foreign capital. However, there is still a wide gap between us and coastal areas and other advanced provinces and regions in this regard.

He continued: Judging from the present situation, our work of making use of foreign capital and opening up to the outside world is facing a new, favorable opportunity. As long as we firmly grasp our work and try hard to catch up, a new situation will definitely be created in our province's work of making use of foreign capital.

He Zhiqing stressed: The work of making use of foreign capital must be carried out under the prerequisite of making overall planning and taking all factors into consideration. We must give prominence to our focal points and grasp them well. Our foreign capital must be mainly used in seven major fields including transformation of main highways, development of energy, operation of medium and large mines, expansion of tourism areas and the establishment of comprehensive facilities for tourism, grafting and transforming key enterprises,

establishment of industries which require high and precision technology, and development of modern processing industry. Various localities must also grasp well work of promoting construction in development zones, so that these development zones can serve as a window for importing foreign capital.

He added: In the course of importing foreign capital, we must also encourage enterprises to go abroad, take international market as their target to establish a number of multinational companies, and increase their competitiveness on the international market.

Provincial Vice Governor Liu Jing presided over yesterday's meeting. Responsible persons from the relevant provincial departments and 17 prefectures, autonomous prefectures, and cities, who are in charge of foreign economic and foreign trade work, were also present at the meeting.

North Region

Tianjin Secretary Meets U.S., ROK Entrepreneurs

SK2906054094 Tianjin TIANJIN RIBAO in Chinese 16 Jun 94 p 1

[Text] On 15 June at Lishunde Hotel, Gao Dezhan, secretary of the Tianjin Municipal Party Committee, met with Dong Shaofeng, president of the household electrical appliance department of the General Electric Company in the United States, and Ku Cha-hong, vice president of the Gold Star Company Ltd. in the ROK. The host and the guests had thoroughgoing discussions on cooperation items.

During the reception, Gao Dezhan extended a welcome to the guests for their visit to Tianjin. He said: Tianjin is very interested in strengthening its cooperation with the General Electric Company and the Gold Star Company. By considering the already decided projects as the priorities of its cooperation with foreign countries, Tianjin has given support to these projects and will accelerate the rate of progress and provide convenient conditions for construction of these projects. Gao Dezhan said: The General Electric Company and the Gold Star Company are relatively strong in actual strength, and their management methods command our admiration. The cooperation projects under discussion are great in scale and bright in prospects. Through the joint endeavor of both sides, the cooperation will certainly reach the first-class level and produce fruitful results. Mr. Dong Shaofeng said: The talks with Tianjin this afternoon were very pleasant, the cooperation items proceeded very good, and a common understanding was reached for the development in the next step. We believe that the projects to be undertaken in Tianjin in the future will certainly attain the first-class level in the world. Both sides should make concerted efforts to realize this objective. Mr. Ku Cha-hong said: In the future, the economy in Asia will develop faster than any other region in the world, and in

Asia, China will be the country with the most rapid economic growth. This is why we decided on investing in China and in Tianjin.

Also present at the reception were Li Huifen, standing committee member of the municipal party committee and vice mayor of the municipality, Zheng Zhiying, standing committee member and secretary general of the municipal party committee, and responsible persons of pertinent departments of the municipality.

Tianjin Secretary Views Industrial Directors' Meeting

SK2906101094 Tianjin TIANJIN RIBAO in Chinese 21 Jun 94 p 1

[Excerpts] The meeting of bureau directors and party committee secretaries of industrial departments, held by Tianjin on 20 June, stressed: We should further understand the position and the role played by industry in promoting Tianjin's economy, strengthen the sense of urgency and the sense of responsibility, concentrate all energies on boosting industrial production, increase the dynamics of reform, manage enterprises in a comprehensive way, conscientiously resolve problems for enterprises, strive to win the battle of halting deficits, increasing profits, and improving efficiency, maintain the good development trends of industrial production, do the work on the industrial front in the second half of this year in an even more realistic, rapid, and better manner, and ensure the fulfillment and overfulfillment of all targets and tasks for this year's industrial production.

Gao Dezhan, secretary of the municipal party committee, and Zhang Lichang, deputy secretary of the municipal party committee and mayor of the municipality, attended the meeting and made important speeches. [passage omitted]

Gao Dezhan pointed out in his speech: Since the beginning of this year, the trend of Tianjin's industrial development has been good, and the operation of industrial economy has been sound and normal. The vast numbers of cadres, workers, and staff on the industrial front have worked hard and overcome many difficulties. We should mobilize, through this meeting, the vast numbers of cadres, workers, and staff on the industrial front to work hard, overcome difficulties, and do the work in the second half of this year in an even better manner based on the work in the first half of this year in order to effect a new progress in industrial production and to make even greater contributions to promoting the sustained, rapid, and sound development of Tianjin's economy.

Gao Dezhan pointed out: We should further enhance the understanding of the position and role of Tianjin's industry. Only after industry is invigorated, Tianjin can be invigorated. With a very good foundation and tremendous potential of development, Tianjin's industry occupies an important position in the national economy

and plays a decisive role in carrying out reform, promoting development, and maintaining stability. The invigoration of industry is required in building Tianjin into the commercial, trading, and banking centers of northern China, in beefing up Tianjin's economic strength, and in attaining the goal of "making the municipality prosperous and the people well-off." In making the municipality prosperous, we must invigorate industry first. This is not only the matter of industrial departments. All professions and trades should regard the support to industrial development as an unshirkable duty of their own. Gao Dezhan said: To invigorate Tianjin's economy, we should at present concentrate our efforts on halting deficits, increasing profits, and improving economic efficiency. In developing the economy, we should have new ideas and new methods. That is, we should orient economic work to the orbit of improving economic efficiency. The improvement of economic efficiency is the comprehensive manifestation of the work of enterprises in various fields. In the process of developing the socialist market economy, enterprises with good economic efficiency will exist and those without economic efficiency for a long time will certainly be eliminated. In judging the economic efficiency of an enterprise, we should see three points: 1) whether its products are marketable; 2) whether its business is profitable; and 3) whether it has momentum for further development. In improving enterprises' economic efficiency, we should pay attention to both major profitable and major unprofitable enterprises. In halting deficits and increasing profits of enterprises, we must adopt mandatory measures, increase the dynamics of reform, vigorously attend to comprehensive management, and concentrate efforts on resolving problems for enterprises. At present, there are mainly two strata for enterprise reform: First, by proceeding from the reality of enterprises, we should formulate different policies for different plants and give prominence to key points to promote the deepening of enterprise reform. Second, all enterprises must carry out reforms within themselves and exert great efforts in transforming their mechanisms. We should summarize and popularize a number of experiences gained in carrying out enterprise reform in an effort to further deepen the enterprise reform. At the same time, we should give different guidances based on different situations and help, in line with realities, enterprises develop products, readjust structure, strengthen management, and resolve problems.

Gao Dezhan stressed: To deepening enterprise reform and to successfully halting deficits, increasing profits, and improving economic efficiency, the key lies in leaders and the force lies in the masses. Enterprises should have good leading bodies that are able to lead the masses truly attend to practical work and that truly think of reform, known how to carry out reform, dare to carry out reform, and truly attend to reform. Enterprises' leading bodies should have the courage to boldly carry out reform, correctly handle the relations among reform, development, and stability, and do a penetrating, painstaking, and specific job in this aspect. The increases in

economic efficiency and workers' income should be regarded as the major criterion for judging the achievements of leading cadres of enterprises. Only with a good job in these two fields can leading cadres' achievements be affirmed. Since workers and staff are the main body of enterprise reform, their initiative should be mobilized fully, and they should be encouraged to participate in and support reform. Gao Dezhan said: The industrial development tasks in the second half of this year are very arduous. All general departments, responsible departments, and law-enforcing administrative departments as well as all fields should render good service to enterprises and do a group of tangible things for the masses. They should also help enterprises grasp reform well, make good use of funds, and broaden markets. They should also give greater support and give the green light to the measures and methods adopted by enterprises and positively create conditions for the development of enterprises. At present, leading cadres at all levels should go deep into enterprises and grass-roots areas to conduct investigation and study and to do tangible things in line with the arrangements of the municipal party committee and the municipal government. All in all, through the concerted and unremitting efforts of the entire municipality, we should enable Tianjin's economy to walk out of the plight and to embark on the favorable cycle of development. [passage omitted]

Tianjin Mayor Speaks at Government Executive Meeting

SK3006023194 Tianjin People's Radio in Mandarin
2300 GMT 29 Jun 94

[Text] The municipal government held its 24th executive meeting on the afternoon of 29 June. Mayor Zhang Lichang chaired and addressed the meeting. The participants at the meeting heard reports by various departments on their first-phase investigation and study activities and endeavor to do practical work at grass-roots levels. They also made arrangements for the next step of the investigation and study work.

Zhang Lichang urged: During the investigation and study activities at grass-roots levels, we should give prominence to work focuses, resolve difficulties, and win real achievements. Centering in the endeavors to deepen reform and open wider to the outside world, we should pay attention to the two focuses—invigorating large- and medium-sized state-owned enterprises and strengthening rural work—and promote and ensure new achievements in the various major economic targets and key work for this year.

The meeting affirmed the previous investigation and study activities and the endeavor of doing practical work at grass-roots levels carried out by cadres at all levels. It noted: A good beginning has been created. Grass-roots levels' difficulties in production and management were resolved within a fairly short period, which received favorable response from the grass-roots levels. However,

this work is merely at the beginning, and a better understanding of it and persistent efforts are needed.

Zhang Lichang emphasized: In their investigation and study activities at grass-roots levels, leading cadres at all levels should pay attention to work focuses, resolve difficulties, and win real achievements. Centering in the endeavors of deepening reform and opening wider to the outside world, they should select the tasks to be fulfilled and score achievements. After summarizing experiences, they should intensify the specific measures for accelerating reform and improve the specific regulations for introducing investment from abroad. They should make great efforts to improve the investment climate and focus their endeavor to carry out practical work on resolving the issues closely related to people's life and the hot issues they are concerned about. Enterprises with difficulties should adopt every means possible to find work for their staff members and workers so that their living standard can be raised as soon as possible. The investigation and study activities at the grass-roots levels should be integrated with the efforts to fulfill this year's major economic targets and key work and should promote and ensure their accomplishment. Efforts should be made to achieve the best results and the best records in the country in carrying out this year's major economic targets and key work so as to heighten the spirit of the people throughout Tianjin.

Zhang Lichang urged: Leading cadres at all levels and government functional departments should further transform their functions and improve their work styles through the investigation and study activities at the grass-roots levels. They should make ceaseless efforts to summarize experiences and use typical examples to promote the work in all fields of Tianjin.

He also put forward specific demands on production safety, elimination of hidden dangers for mishaps, prevention of serious mishaps, and the work to prevent heatstroke and reduce temperature.

Tianjin Secretary Speaks at CPC Anniversary Meeting

SK3006042094 *Tianjin People's Radio in Mandarin*
2300 GMT 29 Jun 94

[Excerpts] On the morning of 29 June, the municipal party committee ceremoniously sponsored a meeting at the Tianjin Auditorium to mark the 73d anniversary of the CPC's founding and to commend the advanced party organizations and model Communist party members emerging in the activities of creating advanced deeds and contending to become outstanding.

It was appealed at the meeting that the party organizations at all levels throughout the municipality and the broad masses of Communist party members should regard as a guidance the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics and further closely rally round the CPC Central Committee with Comrade Jiang Zemin as the

core. Efforts should be made to uphold the party's basic line; to safeguard the whole situation in the work undertaken by the entire party and country; to firmly stand on the forefront of reform and construction; as well as to unite with and lead the vast number of people throughout the municipality to realistically work hard, to pioneer the road of advance, and to adopt every possible way and means to make success in the municipal work and to strive to fulfill the grand goal of becoming better-off by making the municipality prosperous and the people wealthy.

Seated at the meeting's rostrum were leading personnel from the municipal level organs, including Gao Dezhan, Zhang Lichang, Li Jianguo, Liu Jinfeng, Fang Fangyou, Li Huifen, Song Pingshun, Luo Yuanpeng, Zheng Zhiying, and Wang Hongjiang; as well as veteran comrades, including Yan Dakai, Zhang Zaiwang, Liu Gang, Chen Bin, and Yang Huijie. Also seated on the meeting's rostrum were the representatives of pacesetters from the advanced party organizations and the pacesetters of model Communist party members.

Gao Dezhan, secretary of the municipal party committee, delivered an important speech at the meeting. Li Jianguo, deputy secretary of the municipal party committee, presided over the meeting.

Zhang Lichang, deputy secretary of the municipal party committee and mayor of the municipality, read the decision made by the municipal party committee with regard to conferring the title of pacesetter to the advanced party organizations and model Communist party members as well as the decision made by the municipal party committee with regard to commending these party organizations and party members. [passage omitted]

In his speech, Gao Dezhan said: The municipality's party organizations and the broad masses of Communist party members have had a glorious revolutionary tradition and played an important role in the whole historic period. Practice has shown that party organizations at all levels throughout the municipality are staunch collectives with very strong fighting strength and that the broad masses of Communist party members are worthy of the nucleus of reform and construction. Since the beginning of this year, party organizations at all levels throughout the municipality and broad masses of Communist party members have deeply carried out activities of creating advanced deeds and contending to become outstanding in line with the arrangements made by the municipal party committee and by keeping in mind the reality of their own unit. They have also realistically enhanced the self-improvement of the party and whipped up an upsurge of emulating advanced learning to overtake them, and helped the less advanced throughout the municipality. Thus, a large number of advanced party organizations and model Communist party members have emerged. Such activities have

aroused the vitality of grass-roots level party organizations; brought into full play the enthusiasm and creativeness of the broad masses of party members; enhanced the cohesion, attraction, and fighting strength of party organizations; promoted the upgrading of the level as a whole in the party construction work; and played an important role in safeguarding the whole situation in the work undertaken by the entire party and country and in promoting the municipal programs of reform and construction.

In his speech, Gao Dezhan put forward the following five demands on further enhancing the party building work for the party organizations at all levels and the broad masses of Communist party members throughout the municipality:

1. Efforts should be made to enhance the ideological and theoretical construction of the party and to apply the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics to arming the people's minds.
2. Efforts should be made to enhance the building of party's democratic centralism and to further strengthen the fighting strength of party organizations.
3. Efforts should be made to enhance the building of party leading bodies and to vigorously do a good job in the work of selecting and promoting young cadres.
4. Efforts should be made to further tighten the blood-and-flesh tie between the party and the people and to realistically enhance the construction of party style and administrative honesty.
5. Efforts should be made to enhance the construction of grass-roots level party organizations and to bring into full play the fighting-force role of party organizations and the vanguard and model role of party members. [passage omitted]

Beijing Residents Make Donations to School Drop-Outs

OW 3006091194 Beijing XINHUA in English 0825 GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—Beijing residents are donating money to help children in backward areas to attend school.

But what really fills the gap between the poverty-stricken children and their better-off city brothers is a family-like link of mutual care.

As part of a nationwide donation campaign to help children who have dropped out of school because of a lack of money, whose number totaled ten million in the past decade, people are encouraged to form friendships with each of these children.

Tens of thousands of Beijing teenagers have made pen-pals with children in backward areas.

Cheng Xinyue, an 11-year-old at Beijing's Yumin Primary School, is preparing to visit her friend of the same age who lives in a poor village far away in Shaanxi Province during her summer vacation.

"They have no pencils, no paper and no school in the village; but we have everything in the city. It's not fair," Cheng said.

Zheng Yunhong, a teacher at the primary school, said that children in the village cannot afford the 300 yuan (about 34.68 U.S. dollars) fee for their five-year primary school education. In some poor areas there are not even any schools.

Zheng said that parents support their children in their efforts to help poor friends, because it is not a burden for an average city family to donate 300 yuan over five years.

She said that the parents want their children, usually only-children because of China's family planning policy, to see the harsh conditions in which their rural cousins grow up, so that the spoiled "little emperors" may learn to be independent.

Cheng Xinyue said, "we have learned a lot from our little friends in the poor areas, such as the necessity for studying hard and self-reliance."

The donation campaign, known as the "Hope Project," is paying off in backward areas.

Wang Sheng, an orphan in a poor mountain village in Hebei Province, is one of the local boys most expected to enter a college. He went to middle school under the sponsorship of a Beijing citizen, Quan Zhongxin. Wang writes to Quan's family to report his scores regularly and receives both encouragement and money from them.

He said that without the family's help he would have ended up a semi-illiterate farmer.

According to figures from the Beijing donation center for the Hope Project, some 150,000 Beijing residents have donated a total of over five million yuan in the past four months, the largest amount in the country. But the actual figure is believed to be much larger because many people directly sent their money to local Hope Project organizations in backward areas.

The money will be used to build schools, improve teaching conditions and sponsor students in poor areas. It is estimated that if every economically better off household in present-day China gives 300 yuan, the total would enable all boys and girls in poor areas to go to school.

Northeast Region

Heilongjiang Marks Party Founding Anniversary

SK3006035194 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 29 Jun 94

[Excerpts] This morning, the provincial party committee ceremoniously held a rally to mark the 73d party founding anniversary and to name and commend party branches of red-banner villages outstanding in attaining the well-off level. The Harbin Heping Theater was stately decorated this morning. A glittering party emblem of the CPC was hung right on the center of the rostrum flanked by 10 brightly colored red flags. Full-bloomed flowers were placed in front of the rostrum. The rally was ceremoniously held there.

Provincial leaders, including Yue Qifeng, Tian Fengshan, Zhou Wenhua, Ma Guoliang, Shan Rongfan, Meng Qingxiang, Yang Guanghong, Wang Xianmin, Li Qinglin, and Qi Guiyuan took seats on the rostrum. The rally was presided over by Ma Guoliang, deputy secretary of the provincial party committee. [passage omitted]

Yue Qifeng, secretary of the provincial party committee, gave an important speech at the end of the rally, entitled: "Strengthen Party Building, Give the Party's Role to Full Play, and Revitalize Heilongjiang's Economic Development." [passage omitted]

His speech is divided into three parts: 1) Deeply study the Selected Works of Deng Xiaoping and arm the whole party with the theory on building socialism with Chinese characteristics; 2) meet the demands of developing the socialist market economy and actively enhance the ability of leading bodies at all levels in leading reform, opening up, and the modernization drive; 3) realistically strengthen the building of grass-roots party organizations, give full play to the fighting bastion role of grass-roots organizations and the vanguard and exemplary role of party members. [passage omitted]

In his speech, Yue Qifeng, secretary of the provincial party committee, emphatically pointed out: It is necessary to strengthen the building of the party, give play to its role, and revitalize Heilongjiang's economic development. He said: The party branches of red-banner villages which were named and commended at this rally for their outstanding achievements in attaining the well-off level are the advanced representatives of the grass-roots party organizations in the rural areas. Summing up the experiences created by these party branches may help us clarify this principle: Only by using the theory on building socialism with Chinese characteristics to arm our minds, exerting efforts to emancipate thinking, and renewing concepts, can we unceasingly strengthen our consciousness and steadfastness in implementing the party's basic line; only by unswervingly implementing the central task of economic construction and striving to develop productive forces can we unceasingly strengthen the cohesion and fighting capacity of party organizations; only by keeping in close connection with economic

construction while strengthening and improving party building and striving to enhance the leadership skills and level, can we unceasingly strengthen the influence and appeals of party organizations; and only by adhering to the basic criteria while doing the party's work and striving to strengthen the party's joint efforts through reform, can we unceasingly study the new situation, solve new problems, create new experiences, and achieve new results. The current task is to act according to this guiding ideology and in accordance with the new situation, persist in making the party manage party affairs and running the party strictly, and do a good job in building party organizations at all levels across the province and giving full play to the role of party organizations and party members.

Yue Qifeng pointed out: It is necessary to deeply study Volume No. 3 of the *Selected Works of Deng Xiaoping* and arm the whole party with the theory on building socialism with Chinese characteristics. As far as the whole province is concerned, we must act in line with the reality of our province, further emancipate thinking, change the mind, rapidly free ourselves from the traditional systems and concepts, strengthen our sense of commodities and competition, and consciously use the new concept of the market economy to observe, analyze, and solve the problems in our economic life. In the course of economic development, we must uphold the criterion of productive forces, particularly the ownership criterion. While making continued efforts to grasp the foundation industry of agriculture and striving to successfully run large- and medium-sized enterprises, we should exert strenuous efforts to actively open the second battle field of economic development. During economic development, we should correctly handle the relations between urban and rural areas, between industry and agriculture, and among agriculture, light industry, and heavy industry, properly handle the relationship between successfully running the main industry and developing the sideline occupations, persist in the principle of low input, high yield, and quick accumulation, keep the eyes inward, persist in self-strengthening and self-reliance, dare to go ahead, to try, and to take risks, actively create a macro environment for accelerating economic development, and realize the five extensions and two accelerations in a better manner.

Yue Qifeng said: Local leaders at all levels should meet the demands of developing the socialist market economy, actively enhance the ability of leaders in reform, opening up, and the modernization drive, cultivate the idea of making the place under one's jurisdiction prosperous when one is in office, accurately understand the situations of the province, cities, and counties, and be good at promptly readjusting and correcting the development plans in line with the objective changes. In the work on cadres across the province, we must uphold the principle of paying main attention to stabilizing the number of cadres while making a small readjustment. In using cadres, we must stress the principle of paying attention to their political achievements. Leading cadres

at all levels must go deep to reality, energetically encourage the practice of conducting investigation and study, launch anticorruption struggle, and do a good job in building party style and administrative honesty.

Yue Qifeng said at the end of his speech: In the course of developing and building our province, we have not even created brilliant achievements in economic development, but also valuable spiritual wealth. This is precisely the party spirit, the iron-man spirit, and the Great Northern Wilderness spirit. As long as party organizations at all levels and the broad masses of communist party members take the lead in inheriting and promoting these kinds of spirit, emancipate the mind, and exert vigorous efforts to make the country prosperous, we will surely regain our province's economic development achievements of the former days.

Heilongjiang Holds Township Enterprise Work Conference

SK3006061394 Harbin Heilongjiang People's Radio Network in Mandarin 0000 GMT 30 Jun 94

[Text] At the provincial township enterprise work conference held on 19 June, Yue Qifeng, secretary of the provincial party committee, and Acting Governor Tian Fengshan, gave important speeches.

Yue Qifeng pointed out: At present, the township enterprise sector of the economy in Heilongjiang is not very developed and is just in an initial stage. As far as our province's conditions are concerned, township enterprises should be developed in a better manner. Our province is big with rich natural resources. Particularly, its resource advantages of soybean and timber can never be matched by other localities throughout the country. However, over the past few years, we have failed to put these resources into best use and caused great losses. For example, the amount of timber the people in the forest areas use for firewood is as much as several million cubic meters annually. If we turn this firewood into wood products and increase their value, the people will hate to use the timber as firewood, and will help protect the natural resources.

Yue Qifeng used the deeds of (Linzhou) in Henan and Qinghe in Hebei and other poor and backward areas, which relied on the development of township enterprises to invigorate the economy, as examples and explained that we must not think it is impossible to invigorate the economy of economically backward areas. We must have confidence and determination. He said: We should not be afraid to say that our township enterprise sector of the economy has lagged behind that of the advanced areas in south China by more than 10 years. However, as long as we pay attention to this issue now, unite the higher and the lower levels as one, seek unity, and work in unison, we will have great hope of catching up with them.

Yue Qifeng said with great confidence: Heilongjiang will inevitably achieve great development in township enterprises. As long as we see it right and push it forward, it

may become a major industry. We must have lofty aspirations and great ideals, and let the products of our township enterprises cover the whole country, and enter the world.

Acting Governor Tian Fengshan also addressed the conference. He stressed that it is necessary to adopt more practical and effective measures to further promote a sustained, rapid, and highly efficient development. He announced that the provincial party committee and government will continue to implement preferential policies in township enterprises. The general demands are: The preferential policies defined in the past must continue to embody their support and preferential terms for township enterprises in the course of implementing the new financial and tax systems. According to the state stipulations, some policies on tax reduction and exemption that can be implemented by the end of 1995 must be implemented to the letter. Some policies that are not stipulated in explicit terms must also be implemented creatively as long as they are conducive to the development of township enterprises. The lack of investment injection has long been a prominent issue in the development of township enterprises in our province.

Tian Fengshan pointed out: In the future, the financial departments at all levels must set aside a certain amount of funds every year to support township enterprises and implement special policies among them. In addition to increasing the provincial-level circulation funds for supporting township enterprises by 10 percent every year, cities, prefectures, and counties should do a good job in implementing the policy of taking 1 percent of their flexible funds to support the development of township enterprises, and proportionally refund the tax revenue that they have newly levied from township enterprises through financial channels. All banking departments should give priority to granting loans to township enterprises.

Tian Fengshan stressed at the end of his speech: It is necessary to further deepen reform, establish an enterprise mechanism that suits the market economy, strive to use three years to make the shareholding cooperative system become the economic organizational form of township enterprises so that they may play a dominant role in the economy. Regarding low-profit or money-losing enterprises, we must boldly sell or lease them or order them to declare bankruptcy. Meanwhile, we should actively support township enterprises to follow the path of amalgamation and cooperation in order to form advantages through an economy of scale, and make great contributions to revitalizing Heilongjiang's economy.

At the conference, 33 units, including Suihua prefecture, were named 1993 advanced units in invigorating township enterprises and attaining the well-off level, and 40 advanced individuals, including (Xia Yufen), were named outstanding entrepreneurs of the province.

Article Assesses Heilongjiang-CIS Border Trade

SK3006073794 Harbin HEILONGJIANG RIBAO in
Chinese 19 Jun 94 p 6

[Article by Wang Zijun (3769 2737 0193) entitled:
"Correctly Treat the New Situation in the Development
of Border Trade"]

[Text] Both our country and the Russian Federation have readjusted some policies since the latter half of 1993 due to changes in the international and domestic scenes situations, so that some new situations and problems in our province's border trade have emerged. People directly engaged in and interested in the development of border trade are skeptical about whether the Fifth China Harbin Local Border Trade Fair will convene successfully and whether border trade will develop continuously. In addition to changes in the situation, some enterprises went bankrupt from sharp competition. Simultaneously, some other enterprises rapidly changed their strategies in order to survive by developing according to the new situation, promptly found the positions that they should occupy, overcame difficulties, and continued to advance forward. In the first five months of this year, the volume of the province's import and export trade with the CIS reached \$800 million, a slight decrease from the corresponding period of last year. Despite various difficulties, 46 large companies are continuously engaged in the delivery of goods and also keep a sustained increase in their goods transportation volume. In the first five months of this year, the Heihe foreign economic and trade company delivered 30 million Swiss francs worth of goods, an increase of 30 percent over the same period of last year. In the first months of this year, the economic cooperation between our province and the CIS tended to rise. Two hundred and forty-three items on cooperation involving 208 million dollars were signed during this period, an increase of 25 percent over the same period of last year. In the first half of this year, the international cooperation company of the Harbin Railway Bureau continued to sign contracts, exchange goods, and keep contacts with the Russian traders. This company also invited more than 40 Russian trade partners during the Harbin trade fair. It maintained: We invited Russian traders to this large-scale international economic trade fair sponsored by the government primarily to express our sincerity to the government and secondarily to reflect our strength. If business is suspended, a hard-won chance will be lost. How are we to understand the changes in the situation? Some enterprises maintain that it is more difficult to continue border trade. They have constantly yearned for primitive barter trade when enterprises used to exchange daily necessities produced by our side for the raw materials of the Russian side so as to reap higher profits with higher price differences. Along with the changes brought about by the market economy, the period "of exchanging a ship of watermelons for a ship of chemical fertilizer" will not appear any longer. Some enterprises maintain that the reason for coming across difficulties in border trade is just that they have not been suitable to the

changes. They are not conscious of the fact that the orientation of our local border trade is being shifted from the shallow-layered cooperation dominated by barter trade to multi-layered cooperation which is focused equally on barter trade, spot exchange trade, and economic cooperation.

We recently conducted real investigations to analyze the current Sino-Russian border trade situation. Various facts indicate that local border trade is not over, and that a new situation in developing the local and border trade will emerge.

There are four reasons: First, the basic conditions have not changed. At present, both the Chinese and Russian sides are readjusting their own foreign economic and trade policies according to the changes in the international market. The decrease in the total import and export volume in the first half of this year was a new problem that emerged in the course of readjusting policies. This does not mean that the basic conditions have changed. As everyone knows, the objective conditions, including the advantage of having China and the Russian Federation situated in northeast Asia, of being economically complementary, and of being economic and trade partners, still remain; and both sides have strong desires to develop local border trade. All of this is decided according to the requirements of both sides. Thus, governmental and nongovernmental trade cooperation will not be weakened, but will certainly be developed to a new height after readjustment. Second, through cleanup and consolidation, both sides have created new foreign economic and trade environments which are conducive to formal economic and trade contacts and development. Since the beginning of last year, problems emerged due to an excessively large number of companies comprehensively clearing up and consolidating according to the requirements of higher levels. Simultaneously, necessary restriction measures have been adopted to clear up some miscellaneous personnel. Superficially viewing these measures, we know that our province's normal economic and trade contacts have been affected. Through cleanup and consolidation, the Sino-Russian economic and trade order has improved by a big margin. The "international profiteers" of both sides cannot act freely, and the outflow of fake and low-quality commodities has effectively been brought under control. The practice of entry-exit visas between the two sides has helped purify the international economic and trade environment. So far, many companies indicate that the Chinese within the territory of the Russian Federation have been reduced, and that it is easier to do business. Even a fresh situation in which Russian traders are scrambling for Chinese traders has appeared. The beyond-the-border cleanup work carried out by the Russian side has helped us in a sense. Through the cleanup, both sides have jointly created a normal and sound economic and trade environment. Third, our contingent has been tempered under the strained circumstances. Reviewing the development of border trade over the past five years, we have constantly undergone

many difficulties and have been advancing despite difficulties. One hundred and eighty-eight companies that had just opened in our province underwent a large-scale cleanup and consolidation of the companies in 1988. Only nine were left through the consolidation. Along with the sudden changes in the international situation in 1989, the CIS was formed and 80 percent of existing trade partners were changed. Methods for issuing visas, unifying exchange rates, and delivering customs duty to higher levels have been carried out this time. However, with specific assistance from the State Council, the provincial party committee and the provincial government, we tided over difficulties cropping up due to changes in the previous situations. Simultaneously, with the concerted efforts of all fronts, we tided over all practical problems. Fourth, border trade companies, as small ships, have the special feature of being able to change their direction with more ease. Border trade

companies, with a small number of highly trained personnel and the special features of easily changing directions, are different from large-sized trade companies. To seek existence and development, a large number of small-sized trans-national companies have emerged over the past years. The border trade companies whose export commodities are of unique styles are able to form a flexible structure. With highly-trained personnel, these companies have fixed and pioneered markets of their own. These small companies with magic power not only deal with business with the countries under the CIS but also have taken a fancy for the East European markets as well as those of neighboring countries. Many large companies are treating these relatively successful companies with increased respect. So, the future will possibly belong to the border trade companies that are younger, smaller in size, agile, and with concentrated attention, because they have gigantic potential for starting new endeavors. We have ample reason to say that difficulties in border trade are temporary, and that there are wide prospects for developing border trade.

Hong Kong

Legislators Vote Down Challenge to Reform Plan

Challenge Loses By Narrow Margin

HK2906124194 Hong Kong Television Broadcasts
Limited in English 1200 GMT 29 Jun 94

[From "News at 8:00" program]

[Text] Good evening, legislators have just voted on the Liberal Party's reform package and the Governor Chris Patten's electoral reform package is still under scrutiny. Jeff Cutmore is at the chamber now and he has the latest situation:

[Begin recording] [Cutmore] Well, Diana, I hate to sound like a football commentator, but it is very exciting at the moment. The legislators have just broken for dinner after a very exciting challenge from the Liberal Party was defeated by a very narrow margin of 29 votes to 28. Legislators have been here debating the governor's reform package since 0900 this morning. It passed the second reading very comfortably. It's now in the committee stage and councillors have been here for a good 11 hours now, arguing about the varying degrees of democracy that Hong Kong will have. [end recording]

Patten's Proposals Pass Into Law

HK3006003994 Hong Kong SOUTH CHINA
MORNING POST in English 30 Jun 94 p 1

[By Chris Yeung]

[Text] Governor Chris Patten's electoral proposals passed into law with only minor changes at 2.30 am today after a bid by the Liberal Party to water them down was scuttled by two legislators who abstained.

After a 17 and 1/2-hour debate, Legislative Councillors voted 32 to 24 in support of the third—and final—reading of the electoral bill, which seeks to broaden democracy in the last Legislative Council [Legco] under British rule.

Appointed member Martin Barrow and pro-China legislator Peggy Lam Pei Yu-dja abstained. Banking representative David Li Kwok-po had left the chamber and did not vote.

The government made no comment on the outcome of the final vote or the defeat of the Liberal Party challenge.

The 29-28 vote against the move by the Liberal Party and backed by all pro-China legislators marked a significant victory for Mr Patten, whose proposals caused a deep rift in Sino-British relations.

In a final warning just hours before the vote was cast, China asserted that Mr Patten's three-tier political structure was "doomed to be short-lived," vowing that it would never allow the system to survive after 1997.

The fate of the electoral arrangements for next year's Legco was virtually sealed minutes before 8 pm when the crucial vote was taken on the Liberal Party amendment of the functional constituency polls.

Mr Barrow and the representative of the legal profession in the chamber, Simon Ip Sik-on, abstained from the vote. This left 15 Liberal Party, seven pro-China, and six independent legislators voting for the amendment. Voting against it were the three government representatives, 17 United Democrats and Meeting Point councillors and nine other liberals and independents.

Mr Barrow described his abstention as a "very difficult and personal decision." He said he believed the issue should be decided by people whose "home has been Hong Kong and will be for generations to come." Mr Ip said abstention was "his best choice." Although admitting that government lobbying had slightly affected his decision, he insisted he had accepted views from his constituents that the Liberal Party's package was not democratic enough.

He said he knew in the morning that it would be 29-29 if he voted in favour of the Liberal Party's amendment, which would then have been rejected under the rules.

Liberal Party chief Allen Lee Peng-fei said: "We lost by one vote. Of course I am very disappointed after such very long and hard work." He revealed that the balance of votes suddenly shifted in favour of the governor's proposal on Tuesday afternoon after one supporter changed his mind. Mr Lee did not give a name.

Eric Li Ka-cheung, a key player in the compromise bid, said he accepted Mr Ip's explanation for abstaining. "But I share the difficulties they have to go through," he said.

UDHK [United Democrats of Hong Kong] vice-chairman Yeung Sum said the vote marked a step forward, though not a big one. He dismissed claims that quickening the pace of democracy in Hong Kong would bring about confrontation with China.

The debate continued into the small hours of this morning, concentrating on a series of relatively less significant amendments to the electoral bill.

The Legislative Council's marathon session began at 9 am, with 43 councillors and the Constitutional Affairs Secretary Nicholas Ng Wing-fui speaking by 5 pm, when members started tabling their controversial amendments to Mr Patten's proposals.

All attempts to seek amendments to details of the functional constituency polls, including the abolition of seats for the Heung Yee Kuk and the two municipal councils proposed by the liberals, were voted down by a large margin.

A move by independent Chim Pui-chung to stipulate in law that the 1995 Legco will expire at midnight June 30,

1997 was criticised by some colleagues as self-defeating, "political suicide," and "murder."

Pro-China legislator Tam Yiu-chung urged colleagues to support Mr Chim's motion to tell the public clearly that the 1995 Legco would have only a 20-month lifespan. Mr Ng said giving up the through-train arrangement would not be conducive to a smooth transition.

The amendment was rejected by 42 to 14 votes.

After the third reading, Emily Lau Wai-hing tabled a private member's bill which seeks to return all 60 Legco seats by direct elections.

Kicking off the longest debate of the legislature, Chief Secretary Anson Chan Fang On-sang asserted that "time marches on and we must move with it" now that a deal with China has "proved beyond our reach."

The Government's defence of the wisdoms of the package was soon criticised by legislators, with Liberal Party leader Allen Lee claiming that Mr Patten's reforms had "destabilised" Hong Kong society since they were unveiled in October 1992.

XINHUA Spokesman Issues 'Stern Warning'

OW3006030594 Beijing XINHUA in English 0253 GMT 30 Jun 94

[Text] Hong Kong, June 30 (XINHUA)—A spokesman of XINHUA NEWS AGENCY Hong Kong branch here today issued a stern warning to the local government that the present three-tier political structure will be dismantled after June 30, 1997.

The warning came after the local Legislative Council, a rubber-stamp legislative body of the British Hong Kong authorities, passed Governor Chris Patten's reform proposals for the 1994-95 elections in the territory at 2:30 this morning.

The spokesman said that the Chinese Government has repeatedly stated that the Sino-British talks over the 1994-95 electoral arrangements in the territory has broken down due to the sabotage of the British side.

"Under the situation where there is no agreement over the issue between China and Britain, the effective tenure of the last three-tier political structure in Hong Kong, no matter by what methods it is formed, will be terminated on June 30, 1997," said the spokesman.

"The three-tier political structure in the future Hong Kong Special Administrative Region after July 1, 1997 shall be reorganized," he said, adding that the reorganizing methods will be decided by the Preparatory Committee for the Hong Kong Special Administrative Region which is due to be formed in 1996.

The three-tier political structure in the territory refers to district boards, two urban councils and the Legislative Council.

State Council Views Draft Regulations

OW3006063794 Beijing XINHUA Domestic Service in Chinese 0526 GMT 30 Jun 94

[Text] Beijing, 30 Jun (XINHUA)—A spokesman for the State Council Hong Kong and Macao Affairs Office issued a statement today in connection with the Hong Kong Legislative Council's [LEGCO] debate and passage this morning of the draft electoral regulations which were drawn up on the basis of Hong Kong Governor Chris Patten's reform proposals.

The spokesman said: The Chinese Government has stated time and again that under the situation where China and Britain have yet to reach an agreement over Hong Kong's 1994-95 electoral arrangements, the tenure of the three-tier political structure in Hong Kong, formed by any electoral bill passed by LEGCO of the British Government in Hong Kong, will be terminated on 30 June 1997. The first legislative council and regional organizations of the Hong Kong Special Administrative District will be formed in accordance with the relevant decisions made by the National People's Congress and the relevant regulations in the basic law.

The spokesman added that the recent voting shows that even within the LEGCO of the British Government in Hong Kong, many people are against the proposals.

Council 'Will End' in 1997

HK3006003594 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1002 GMT 29 Jun 94

[Commentary by correspondent Zhao Wen (6392 2429): "Hong Kong Last Three-Tier Councils Cannot Be Extended Beyond 1997"]

[Text] Hong Kong, 29 Jun (ZHONGGUO TONGXUN SHE)—A definite result has emerged after the Hong Kong Legislative Council's [Legco] heated debate on the second part of Chris Patten's constitutional reform package. But the three-tier councils born from this electoral package are destined to be short-lived. Because China's position is very clear: Given the breakdown of talks between China and Britain on Hong Kong's constitutional structure, no matter what package is passed by Legco, the three-tier councils born under it will end on 30 June 1997 and will be recomposed after 1 July 1997.

As is well known, according to the provisions of the Sino-British Joint Declaration, matters involving the handing over of political power and a smooth change-over during the transition period must be discussed between China and Britain. The Basic Law is even clearer in its provisions on Hong Kong's post-1997 constitutional development. Moreover, the Chinese and British governments have reached an understanding and accord through diplomatic letters on Hong Kong's 1994-95 electoral arrangements. Therefore, if China and

Britain had reached an accord on Hong Kong's constitutional development on the basis of the "three convergences", a political "through train" would have been a natural, logical result.

Regrettably, Chris Patten arrived in Hong Kong to take office as Hong Kong governor in July 1992. In October, without discussing and consulting with China at all, he unilaterally unveiled his constitutional reform package, which makes open, drastic changes of the existing political structure and, in particular, turns the 1995 Legco elections into direct elections. It contravenes the Sino-British Joint Declaration and brushes aside the relevant provisions of the Basic Law, nor does it recognize the understanding and accord reached through diplomatic letters between China and Britain. Under the principle of defending state sovereignty and abiding by diplomatic accords, China naturally could not accept Britain's actions. From this sprang a dispute on Hong Kong's political structure which was instigated by Chris Patten.

Under the pressure of China and sectors of Hong Kong society, Britain agreed on April 1993 to hold talks with China on 1994-95 electoral arrangements on the basis of the "three convergences." But during the negotiations, Britain stubbornly stuck to Patten's "three-violation package" and continually created difficulties and obstacles against the negotiations. Finally, British representatives abruptly stopped the ongoing 17th round of negotiations in November, leading to a complete breakdown of talks on the political structure. Without an agreement in place, naturally there would not be a "through train" for the political structure. The unilateral decision on and the implementation of any political structure by Britain will not be extended beyond 30 June 1997. This is a matter of China's sovereign power; China will absolutely not allow Britain to obtain what it coveted in an underhand way. By that time a new three-tier council will be composed for the Hong Kong Special Administrative Region.

Britain's pet project obviously was aimed at forcing China to accept wholesale "Patten's package," thereby easing it through to 1997 and beyond. Even after the talks broke down, Chris Patten and concerned Hong Kong government officials still claimed: "We cannot see what reasons China possibly has to recompose the three-tier councils." But Hong Kong people have an increasingly clear understanding of China's position. Britain's blatant disregard of reality and self-deluding and misleading utterances recently have been widely criticized by Hong Kong media opinion as being like a "political ostrich" with the intention of misleading citizens.

It is certain that China cannot cooperate with Britain on the problem of political structure, because the basis for cooperation has been destroyed by Britain. However, China has reiterated its willingness to cooperate with Britain in areas outside the political structure, such as social, economic, and other areas. But the key lies with Britain's sincerity and action.

Patten Calls for 'Cooperation'

HK3006062094 Hong Kong RTHK Radio Four in English 0500 GMT 29 Jun 94

[From the "News at One" program—passages within quotation marks recorded]

[Text] The governor, Chris Patten, has called for greater cooperation from China to work out existing problems to insure a smooth transition in the years leading up to 1997. Commenting on the vote on his electoral reform, Mr. Patten said that without denying China's sovereignty, he saw no reason why the constitutional arrangements should be dismantled after the hand over. He stressed, however, it would have been better had an agreement been reached with the Chinese side on his political package. It was seen that with the passage of the bill yesterday, it was time for everyone to look ahead.

[Patten] "Now that is behind us, we must move on. That's a chapter which is closed. And I hope that we can now look for as much common ground as possible in which we can work together in cooperation, I hope, with China, to deal with some of the problems on Hong Kong's agenda, and to do everything possible to secure the well being and prosperity and stability of the territory. So I very much hope that we can now move forward in cooperation with Hong Kong's interests in mind."

The governor also expressed his satisfaction that his political reform bill was passed by what he called a decisive majority. He praised the work done by Legco [Legislative Council], and said the debate had been carried out in full view of the public. And he pointed to the fact that his package was supported by the majority of directly elected legislators.

[Patten] "Every directly elected member except one voted for the government. And all, I think, but one member representing a geographical constituency voted for the government. And if you strip out of the vote all the appointed members, including the officials, there is a very, very handsome majority for the government. I have said along that the only way we could resolve this matter was a debate in this legislative council, even though many of the pro-democracy politicians have argued that it wasn't sufficiently democratic. But it's the legislative council which Hong Kong has at this stage of its political development, and I think it has done a good and mature job. And the job has been done openly, in full sight of the public of Hong Kong. Nobody can talk about deals behind closed doors."

Speaking after the debate, Liberal Party legislator Ronald Arculli was asked if his party would work within the reform package following the defeat of its proposals in Legco.

[Arculli] "Clearly with have absolutely no reason not to work with it. In terms of the next year, obviously we will continue doing our best for Hong Kong. One's got to respect the decision of the Council however tight it was,

and in terms of '95 elections, I'm quite sure if one intends to go into elections, you have got to play within the bounds of what the law is as far as Hong Kong is concerned."

A spokesman for the United Democrats, Yueng Sum, was asked if he thought the passing of the governor's package meant there would definitely be no continuity after 1997.

[Yeung] "Whether the system can continue, I mean as far as the legislative council member's election is concerned, still depends on what happens three year later, isn't it? And within this three years there can be a lot of possibility of changes in China, for better or for worse. So I just think we seize the opportunity that is given at the moment and work as hard as possible for the future."

After approving the governor's blueprint, the Legislative Council went on early this morning to reject an attempt by Emily Lau to have all 60 Legco seats directly elected. The private member's bill was defeated by just one vote. Ms. Lau expressed her disappointment.

[Lau] "I must say I feel very sad and very bitter. We have lost by one vote, and there were four democrats in the Council chamber who abstained. So we lost not because of the opponents, but because of the same people from the pro-democracy lobby. But I guess democracy and freedoms and human rights are things that have to be fought for, they don't grow on trees and they are not handed out on a silver platter. So I guess we in Hong Kong, like people in other countries, have to do it the difficult way."

The chief secretary, Anson Chan, said she was pleased with results of the marathon session.

[Chan] "We are very pleased with the outcome. The electoral provisions bill has now been passed. There is a great deal of work in terms of making sure that the practical arrangements are in hand to ensure that the 1995 elections will be successfully carried out. So we will be getting on with this work very, very quickly. I think its clear from the debate, the 20-odd hours of debate, that there are individual legislative councilors who hold different views about the pace of electoral reforms, and now that the bill has been passed, we look forward to working with all members of the Legislative Council to ensure that the 1995 elections will be successful. We have now exactly three years to go before the reversion of sovereignty to China. There is a good deal of issues that we need to discuss with the Chinese. We will seek active cooperation with the Chinese, and we hope to strengthen our communications with the Chinese too."

XINHUA Criticizes Process

OW3006142294 Beijing XINHUA in English 1350
GMT 30 Jun 94

[Text] Hong Kong, June 30 (XINHUA)—Local newspapers criticized the process to approve Hong Kong Governor Chris Patten's political reform bill at local Legislative Council [Legco] as a "political show" and "self-directed farce". The HONG KONG COMMERCIAL DAILY said, in a commentary today, the result was within expectation. Governor Patten adopted an optimistic attitude about the result of the Legislative Council's decision long ago. Though he agreed, in words, the Legislative Council has the final say, he knew clearly the power of the Legislative Council stemmed from him. It is known to all that China will dismantle the three-tier councils, namely district boards, municipal councils and the Legislative Council, when the British rule over Hong Kong terminates on July 30, 1997. Then why the British side persisted in implementing Governor Patten's political reform bill when it was well aware that the political structure introduced in the bill will last only three years. It is said that someone intended to conduct "democratic experiment" in Hong Kong, said the newspaper. The paper stressed that any "democratic experiment" deviating from the Basic Law of the Hong Kong Special Administrative Region will lead Hong Kong to a roundabout course and pay a price for it. Another newspaper, WEN WEI PO [WEI WEI DAILY] said the whole voting process of the Legislative Council is a self-directed farce. Since Patten commanded votes from the 21 appointed members and ex-officio members of the Executive Council in addition to pro-Britain politicians, nobody can prevent him from pushing through his political reform bill in the Legislative Council. TA KUNG PAO [PUBLIC SERVICE NEWS] said it is the duty of Chinese and British Governments to make major decisions on the Hong Kong affairs in the next three years. The Sino-British cooperation is the cooperation between the governments of two countries. The Hong Kong Legislative Council has no right to refute the agreements reached by the governments of China and Britain. It is a matter of principle. China will not change its position to disband the three-tier councils, which serve as parts of the political structure of the British Hong Kong authorities, on July 30, 1997, the paper added.

Official on Draft Election Rule

OW3006083594 Beijing XINHUA in English 0823
GMT 30 Jun 94

[Text] Beijing, June 30 (XINHUA)—A spokesman for the Hong Kong and Macao Affairs Office of the State Council said here today that the tenure of the members of the Hong Kong councils and boards cannot last beyond June 30, 1997.

The spokesman made the remark after the Hong Kong Legislative Council this morning passed the draft electoral bill based on Governor Chris Patten's reform proposals for the 1994-95 elections in the territory.

The spokesman noted that the Chinese Government had repeatedly stated that if no agreement were reached in the talks on the 1994-95 electoral arrangements between China and Britain, the effective tenure of the three-tier political structure in Hong Kong, no matter by what methods it is formed, cannot go beyond June 30, 1997.

The three-tier political structure in the territory refers to the district boards, two urban councils and the Legislative Council.

The spokesman said that the vote this morning also showed that even in the Legislative Council, there were quite a few members who objected to the draft electoral bill.

Editorial Criticizes Vote

HK3006063094 Hong Kong TA KUNG PAO in Chinese
30 Jun 94 p 2

[Editorial: "China's Position Will Not Change"]

[Text] After Chris Patten led senior Hong Kong Government officials in carrying out frequent lobbying activities, his "three violations" political reform package has been adopted by the Legislative Council [Legco]. This is what we had expected and is an embodiment of the stubborn stance held by Patten who, from the beginning to the end, has insisted on confronting China.

Patten's political reform package is an outcome of the change of Britain's policy toward China. Since the day when the package came out of its cage, it has been criticized and condemned by the Hong Kong people, the Chinese side, and the knowledgeable people in Britain. The Chinese side adopted a sincere attitude and patiently carried out negotiations with the British side, in the hope that they would give up Patten's political reform package and cooperate with China on the basis of the "three conformities" principle, to reach an agreement on the arrangements for the 1994 and 1995 elections in Hong Kong; to form a three-tier council which can straddle 1997; and to realize a smooth transition of Hong Kong but the British side just would not turn its head back. It stopped negotiations and obstinately brought Patten's political reform package to the Legco for adoption.

The adoption of Patten's political reform package by the Legco is a display which raises the eyebrows of the people whereas the ugly manner in which Patten manipulated the Legco has been completely revealed. On the eve of the debate in the Legco, he threw away all disguise and openly published an article to boast, lobby, and hit; he also instructed the government members of the council to vote for his political reform package. At the same time, he mobilized the senior officials of the Hong Kong Government to appear everywhere to lobby and beg for votes, forcing some legislators to "switch the steering wheel" and change their voting intentions.

The adoption of Patten's political reform package, without alteration, can educate many people. All his words on so-called "democracy," so-called "it must be acceptable to the people of Hong Kong," and so-called "sincerity in talks with the Chinese side," are untrue. Since he announced his political reform package, which was produced behind closed doors, he has refused to listen to or accept the opinions of the Hong Kong people and the Chinese side. The question-and-answer sessions he has held, the several months of talks with the Chinese side, and the tabling of the political reform package in the Legco in two parts, are nothing less than going round in circles and, after going round in all these circles, he still stands in his original position of "three violations."

Recently, Patten has created various superficial phenomena about easing Sino-British relations and the kindhearted people think that the British side is expressing a willingness to restore cooperation with the Chinese side and that Sino-British relations will improve. In fact, some of the British side's "friendly actions" are nothing but slight alterations of strategy and means necessitated by the international and domestic situations, as well as the condition facing the British Hong Kong authorities, but Britain's China policy remains unchanged. A good manifestation is that Patten refuses to accept opinions from various quarters and stubbornly upholds the political reform package which aims at confronting China and extending Britain's colonial interests in Hong Kong.

Patten thought that when the Legco adopted his political reform package he could exert pressure on China and shake the Chinese side's position and determination on setting up another stove. This is a fantasy. The Chinese side has repeatedly made it clear: No matter what package is adopted by the Legco, the tenure of the three-tier council formed by the package will end on 30 June 1997 and Hong Kong's three-tier council will be reorganized after 1 July 1997; this position by the Chinese side will not change.

When the British side unilaterally promoted Patten's political reform package, it reflected the will of the British Government. The three-tier council formed according to this package is a result of British colonial rule and it will cease naturally along with the conclusion of this kind of rule and can never be extended. If it is extended, then that would be a violation of China's sovereignty and administrative right. Concerning this problem of principle, there is no room to step back.

As for the Legco which is formed according to the Letters Patent, facts have already proved that it is a chop made of clay and, when Patten wants it to become round, it becomes round; when he wants it to become square, it becomes square. If the bills or decisions adopted by such a council can have any influence or abiding force on China, does this not mean that China can be manipulated by Patten? This is daydreaming. In the next three years, handling of the major affairs of Hong Kong is a matter between the Chinese and British Governments

and Sino-British cooperation means cooperation between the governments of the two countries, whereas Hong Kong's Legco has no power to tell the governments of the two countries what to do, nor the power to repudiate the agreements reached by the governments of the two countries. This is an important issue of principle.

It has become certain that China and Britain cannot cooperate in the area of political system. But beyond the area of political system, there is a broad scope in which the Chinese side will do its best to strive for cooperation with the British side, to promote economic and social development in Hong Kong and to protect people's well-being. Even though the Legco has adopted Patten's "three violations" package, it will not in any way affect the cooperation with the British side in the areas of economy, society, and people's well-being. A few days ago, Ambassador Guo Fengmin reiterated this attitude.

Recently, the Sino-British Joint Liaison Group [JLG] worked day and night discussing the financial arrangement for the new airport and the issue of military use of land. The Chinese side has made a great deal of effort to secure an agreement as soon as possible. At present, both sides are drafting the minutes of the meeting on the financial arrangement for the new airport and the talks on the military use of land, which have dragged on for seven years, may also lead to an agreement. This indicates that cooperation means a future, confrontation is no way out.

Seeing that the JLG has gone to recess twice during this round of meetings and said a result is not available now, some people think the Chinese side wants to look at how Legco examines the political reform package. They are misled by the British Hong Kong authorities. The Chinese side's position is consistent, that is, it will not link the issue of political system to the issues of the economy, society, and people's well-being. No matter how the Legco acts, the JLG holds meetings as usual, to discuss the issues other than those of the political system. So long as the British side has sincerity, the meeting will certainly score results.

Editorial Views Debate

HK3006063794 Hong Kong EASTERN EXPRESS in English 30 Jun 94 p 2

[Editorial: "The Brave Are in a Small Majority"]

[Text] Has anyone ever heard of people waiting up to the early hours of the morning to discover the outcome of a debate at China's National People's Congress?

Of course not. There is never the slightest doubt about the outcome of the Chinese parliament's debates. Yet, as we saw in the early hours of this morning, a number of Hong Kong legislators would like to make our version of a parliament more closely resemble the certainties of the Chinese model.

They were terrifyingly close to achieving this ignoble objective. The unholy combination of the non-elected representatives of rotten boroughs and representatives of constituencies where there has never been a vote clubbed together under the tattered flag of the Liberal Party to try to substitute the Governor's modest plan for electoral reform with a proposal designed to limit the extent of the franchise.

They deserved to be defeated and they were, albeit in something of a pyrrhic victory, which would have been impossible without the votes of the three civil servants who sit on the council. The Liberals, in a case of astonishing effrontery, had wanted the civil servants to abstain on grounds that they were not elected.

This is a classic case of what the Jews call chutzpah, coming from a party led—and mainly consisting of—legislators who have never contested an election and only sit in the council thanks to the patronage of the previous governor.

(Chutzpah, incidentally, is succinctly defined by the story about the boy who murders his parents and pleads for compassion on grounds that he is an orphan.)

However, the Liberals' objection to the manner of the vote is history. A majority of one is still a majority.

At the time of writing it was not clear whether the Government's reform package managed to squeak through, but earlier votes suggested it was likely.

Assuming this is the case, what happens now? Will the sky cave in? Will the thunder from the north roll in with terrifying repercussions?

At best, very little will happen. Hong Kong will proceed to a slightly more democratic form of government. The political system will benefit from an infusion of self-confidence and the average person will have no cause for complaint.

China's view is well known. The government has made it clear that the vote in Legco [Legislative Council] will be ignored, despite the fact that Beijing's supporters in the chamber were under orders as to who they should support. China says it will simply dissolve the three tiers of government established under Patten's constitutional reforms and call new elections. So be it. There is no doubt that the Chinese Communist Party will be able to recruit an impressive supply of willing hands to carry out its orders.

Every society produces a stratum of people ready to do what they are told, regardless of whether it is right or wrong. The hollow cry, "I was only following orders," has resounded through the ages.

It is also true that, to varying degrees, every society throws up numbers of brave men and women who strive to do what they believe to be right, regardless of the personal difficulties it may cause for them.

Yesterday, and in the early hours of today, it became clear that a majority of the members of Legco, albeit a very small majority, were prepared to join the ranks of the brave. We should, in fairness, also say that those voting for a curb on the progress of democracy may well have done so for motives of high principle. They just happen to be fortunate that their principles will stand them in good stead with their new masters.

As for Martin Barrow and Simon Ip, the two members of Legco who shirked their duty in yesterday's proceedings by abstaining on the crucial votes, they have only one honourable course remaining open to them. When, for whatever pathetic reason, they are unable to take a stand on the most important political issue facing Hong Kong, they should vacate their seats to allow in someone who has more stomach for the job.

The task ahead is to make the new system work. If the people of Hong Kong have no appetite for the task, they should be prepared to face the consequences.

What is required is relatively modest. At a minimum, those eligible should register themselves for the elections and perform the civic duty of voting. At a more elevated level it would be good to see more people getting involved in the political process.

This does not necessarily mean joining political parties—it could well be achieved by participating in all manner of public interest groups.

The events in Legco are no cause for dancing in the streets. The new legislation is little more than a vaguely satisfactory compromise, pointing in the right direction. Yet a mild triumph can be turned into victory if the new laws help in the creation of a more self-reliant Hong Kong, confident in its ability to determine its future and equipped with the means to do so.

Attempt To Boost Elected Seats Fails

HK3006063294 Hong Kong SOUTH CHINA
MORNING POST in English 30 Jun 94 p 6

[By Linda Choy]

[Text] An attempt by the United Democrats to boost the number of directly elected seats to 30 was rejected by a majority of 36 to 17 votes.

Tabling the amendments, UDHK [United Democrats of Hong Kong] chairman Martin Lee Chu-ming called for the scrapping of the 10 seats returned by the election committee so that the seats could be allocated for direct elections, making a total of 30 directly elected seats in the 1995 legislature.

Mr Lee said the 30-seat proposal—outlined in the Omelco (Office of Members of Executive and Legislative Councils) consensus model in 1989—was widely accepted when first proposed.

But his amendment—deemed by the official as in breach of the Basic Law [as published]—received the backing of independents Anna Wu Hung-yuk and Christine Loh Kung-wai, Hui Yin-fat and Frederick Fung Kin-kee.

Six abstained, including Meeting Point, the party's ally in the future Democratic Party, and Emily Lau Wai-hing.

Opposition came from ex-officio members, the Liberal Party and pro-China and conservative factions.

Mr Lee said the proposal had been widely debated among the public and there was a reason for China to amend the Basic Law to tune in with the people's wishes.

Noting the Basic Law had promised to remove in phases the number of legislators returned by election committee, Mr Lee said it showed voting by election committee was not in line with the long-term political development of Hong Kong.

Agreement Reached With PRC on Use of Military Land

HK3006060994 Hong Kong AFP in English 0547 GMT
30 June 94

[Text] Hong Kong, June 30 (AFP)—After seven years of haggling, Britain and China reached agreement Thursday on the disposal of valuable British military lands before the territory's 1997 handback to Beijing. The announcement was made at the end of the latest round of talks of the Joint Sino-British Liaison Group, the diplomatic body hammering out technical details ahead of the handback.

No details were released but both sides said they would reveal more at respective news conferences later in the day. "We are very happy to announce that we have reached agreement on military lands," said chief British negotiator Hugh Davies, with Chinese counterpart Guo Fengmin at his side.

Britain had been pressing to release as much military land in the colony as possible for civilian use to ease Hong Kong's chronic property shortage. But China was holding out for strategic sites for its People's Liberation Army, including a deepwater naval base inside Hong Kong harbour.

The liaison group began talks June 21, the negotiations expected to last only three days but the talks were adjourned so technical problems could be worked out to ease the way for a final decision.

The marathon talks on the defence issue have been overshadowed by China's fury over Governor Chris Patten's democratic reforms, which were adopted early Thursday by the legislative council. Chinese officials had already said passage of Patten's reform would not affect the outcome of the Joint Liaison Group meeting.

The key issue in Sino-British negotiations has been the fate of British military lands throughout the territory—many of which would command handsome prices if put up for sale to the public.

China is believed to be wanting further development of the Stonecutters Island naval base ahead of its 1997 transition to the Chinese military forces.

Paper: XINHUA Head Has 'Free' House Near Beijing

HK3006032694 Hong Kong HSIN PAO in Chinese 30 Jun 94 p 9

["News feature": "Zhou Nan Denies Having Obtained, Without Paying a Single Cent, a Piece of Land in the Suburbs of Beijing for the Construction of a Private Villa"]

[Text] A source has informed HSIN PAO that Mr Zhou Nan, director of the XINHUA News Agency Hong Kong Branch, recently built a private villa in the suburbs of Beijing and has been reproached by some people. A complaint was filed with the central authorities in Beijing which aroused attention of the central leaders.

Yesterday, HSIN PAO tried to seek Director Zhou's confirmation, and his secretary Mr Zhang said: "Director Zhou Nan does not possess any private villa and he has never procured any land for free."

However, the source provided a photo to prove that the information was reliable and was not a fabrication. Reportedly, Zhou Nan's private villa is located in Bawangfu between Xiang Shan and Yuquan Shan, west of the Xishan scenic spot in Beijing's northwest suburbs. Xiang Shan is a famous Beijing tourist spot and Yuquan Shan is a holiday and convalescent resort for senior CPC cadres.

The total area of Zhou Nan's property is about 700 square m with the floor space of the villa being 350 square m. Inside the house there are two bedrooms, two living rooms, a servant's room, a garage, and a boiler room. The environment around the villa is quiet and beautiful. Reportedly, when Zhou Nan returned to Beijing in February 1993 to spend the Chinese New Year holiday, he personally inspected the site in Bawangfu. The construction project was then started and the house was basically completed in December.

The news about Zhou Nan's villa was first spread by some technicians in the Beijing Municipal Forestry Bureau. The institution tried to find some land for forestry development in Bawangfu and found that a villa was being built. So, the forestry bureaucrats inquired and discovered that it was Zhou Nan's villa. Reportedly, near Zhou's villa, another villa occupies a larger area and belongs to a son of Shen Zui, former leader of the Kuomintang secret service.

According to people who personally visited the property allegedly owned by Zhou Nan, the house has been basically completed. The gates on both sides of the house are locked and the yard is overgrown with weeds. The other villa, allegedly owned by Shen Zui's son, is still under construction, only the framework having been completed. According to peasants living near the sites, the uncompleted house owned by Shen Zui's son was recently for sale at an asking price of 1.5 million yuan. The peasants said that they saw Zhou Nan at the site in February 1993.

After Zhou Nan's villa was discovered by the forestry bureaucrats, more trouble arose. Some members of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference reported this to the central authorities and expressed their discontent on two counts. First, Zhou Nan did not pay a single cent for the land and the villa, while Shen Zui's son paid 400,000 yuan to buy the land and gave a car to the local villagers.

Second, according to the CPC internal regulations, senior party cadres are not allowed to build private houses for themselves and Zhou Nan obviously violated the relevant regulations. In fact, the Foreign Ministry has arranged the house for Zhou Nan after his retirement.

The source also revealed that people who were discontent with Zhou Nan's behavior had sent a letter of complaint together with some photos to the central authorities, sternly rebuking those involved in such malpractice.

Reportedly, Zhou Nan got the land for free because he was assisted by some major officials in the Beijing Municipal Government. In recent years, Beijing has often sent delegations to Hong Kong to invite investment and they have to seek assistance from the XINHUA Hong Kong Branch. For this purpose, some Beijing officials took the initiative in helping Zhou Nan acquire land to build a house, succeeding in finding an ideal site in the scenic suburban area. After the site was selected, Zhou Nan reportedly entrusted Zhu Yucheng, deputy director of the XINHUA Hong Kong Branch, to specifically arrange the details of house construction.

The construction cost for villa was about 200,000 yuan. That was mainly the cost of the building materials and the wages paid to the construction workers. According to some local realtors in Beijing, the completed villa could be valued at around 2 million yuan.

Although the event has been reported to the CPC top leadership, it is still not known what the consequences will be for Zhou Nan. According to local peasants, before the villa was completed, local peasants were hired to take care of the site. Now, as the gates are locked and no one lives there, the house is not guarded by any people. Therefore, some people guessed that because of the revelations about the house, the parties concerned have temporarily "frozen" the villa, waiting for its future use.

Macao

5 DPRK Nationals Held in Dollar Counterfeiting Probe

One Possesses Diplomatic Passport

HK2906142394 Hong Kong AFP in English 1408 GMT 29 June 94

[Text] Macao, June 29 (AFP)—Macao police detained five North Koreans, including one with a diplomatic passport, following an investigation into a counterfeit dollar racket, LUSA news agency reported Wednesday.

Luis Mendonca, director of Macao's judiciary police, said that among the suspects "are some of the highest-ranking staff of North Korean companies," the agency reported. He said the fake U.S. dollar notes were of "rare quality."

The attempted money laundering was carried out through deposits of high amounts of counterfeit dollars in accounts belonging to North Korean companies and individuals with Asia Delta Bank in Macao.

The arrests were made after raids on several flats in Macao and following information by a local bank that a number of counterfeit U.S. dollar deposits had been made by several North Koreans this month.

The five suspects are to be turned over to Macao district court, and the investigation is continuing, Mendonca said.

Further on Arrests

HK3006064094 Hong Kong HONGKONG STANDARD in English 30 Jun 94 p 3

[Text] Four North Koreans and one Macao citizen were arrested by Macao police yesterday on suspicion of passing thousands of fake U.S.\$100 (HK\$780) bills.

According to police, one of the North Koreans held a diplomatic passport.

A judiciary source said the men would be charged either with trafficking in counterfeit U.S. currency or with the more serious charge of making the bogus money.

"This case is very serious because of the very high quality of the counterfeit U.S. dollar notes," the police spokesman said.

Bank officials and authorities confirmed that more than U.S.\$250,000 in fake U.S. bills had been passed in the colony.

Many of the forged bills were deposited in Macao bank accounts held by North Korean citizens living in the enclave.

The North Korean government has faced months of international scrutiny after refusing to let United Nations inspectors examine its nuclear energy facilities.

Despite its virtual international isolation, North Korea has managed to maintain a nuclear energy program and a standing army of about one million troops, raising questions in the West with regard to where Pyongyang's financing has come from.

The counterfeit-related arrests in Macao follow an intensive investigation, including raids on more than a dozen North Korean-owned or rented apartments in Macao.

Han Myong Chol, an influential North Korean businessman in Macao, was cooperating with police investigators, but last night refused to comment.

Earlier this month a bank teller in Macao tipped off police that several North Koreans had deposited U.S.\$30,000 in U.S.\$100 notes that the teller suspected were forgeries.

Authorities confirmed the bills were professionally-made counterfeit 1990-issue U.S.\$100 bills, sparking the investigations, which have included authorities in Hong Kong and Interpol officials.

Portugal, and its enclave Macao, is one of the few countries with which North Korea maintains trade and political ties.

In Macao, North Korea operates the semi-official Zowkwang Trade Company which helps ferry Western goods, including medicines and electronics, to Pyongyang.

There are 50 North Korean citizens living in Macao, an Immigration official said.

Pyongyang's diplomatic mission in Lisbon, Portugal, is the largest in western Europe.

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